

1938

J
 EGYPT AND SUDAN

J 780
 26
 MAR 1938

Registry } J 780/38/16
 Number }
 FROM Parliamentary
 Question
 (Mr. Wedgwood Benn)
 No. 7
 Dated 28th Feb. 1938
 Received } 1st Mar.
 in Registry } 1938
 J: Egypt and Sudan

Alleged claim by Italy to participation in defence of Suez Canal.
 Mr. Wedgwood Benn asked whether at any time the Egyptian Government has asked for a share in the defence of the Suez Canal. The Prime Minister replied that H.M.G. are not aware of any such request by the Italian Government, and referred to an official communiqué issued in Rome on 27th February 1938 describing reports of Italian claims in this connexion as fantastic. Mr. Benn and Mr. G. Griffiths asked supplementary questions.

Last Paper.
 J 781

(Minutes.)
 See within.

References.

Mr Campbell considers that the legal position as set out in the minute on this question should be explained to Sir M. Lampson.

(Print.) 11/3
 Egypt. (out draft 4 encls.)
 (How disposed of.)
 St. Cairo. No. 296. Dec. 10
 F. 14 W.O. R.H. Dec. 11
 F. 9. The Hague. No. 108
 Rome. No. 354
 Paris. No. 485
 Dec. 11
 Copies of para 2 of X. despatch to Cairo sent to Sir J. Malcolm on 11/12/38
 (Action completed.) 31.3.38
 (Index.) 19

Draft herewith.
 Southern Dept a.a.
 1. Wilson. 4/11/38
 R. J. Campbell
 7/3
 12 despatch draft
 10/10/38

Next Paper.
 J 781

15741 9/37 F.O.P.

EGYPTIAN

Parliamentary Question. 27

Mr. Benn, — To ask the Prime Minister, whether at any time the Italian government has asked for a share in the defence of the Suez Canal. [Monday 28th February.]

ANSWERED 28 FEB 1938
REPLY ATTACHED.

The archives have been searched as far back as 1922 and no trace has been found of any request to H.M.G. by the Italian Government for a share in the defence of the Suez Canal.

Under the multilateral convention respecting free navigation of the Suez Canal of 1888 (to which Italy is a party) the Egyptian Government is charged with the duty of ensuring the protection and the free use of the Canal, in time of war as in time of peace, to every vessel of commerce or war without distinction of flag. In case the Egyptian Government should not have sufficient resources at its disposal for this purpose, the convention provides that that government should appeal for assistance to the Ottoman Government (Article IX). In 1888, Egypt was under British military occupation and Ottoman suzerainty. Under the occupation H.M.G. assumed the ultimate responsibility for law and order and the defence of the country and the Egyptian Government had to take the advice of the British agent on all important matters. Therefore Egypt, under the Canal Convention, meant in effect H.M.G. and it was not until 1904, when the Entente Cordiale agreement with France was concluded and the French accepted the British military occupation of Egypt indefinitely, that H.M.G. withdrew their reservation to the Canal Convention and the latter came fully/

March 7. 1938

fully into force. In November 1914 H.M.G. assumed the protectorate of Egypt and displaced the Ottoman Empire as suzerain. This was recognised by the allied powers, including Italy, at the time and they all joined in putting forward and signing in the Peace Treaties Articles (147 and 152 of the Treaty of Versailles) under which the late enemy powers recognised the British Protectorate which had been established over Egypt in December 1914, and recognised the transfer to the U.K. of the role conferred upon Turkey with regard to the defence of the Suez Canal by the Suez Canal Convention, ~~(Treaty of Versailles)~~ ~~(Treaty of Versailles)~~. In 1923 by the Treaty of Lausanne, Turkey renounced her old suzerainty over Egypt as from November 1914. In 1922 H.M.G. issued a unilateral declaration recognising the independence of Egypt and the British Protectorate was terminated, subject to the reservation to the discretion of H.M.G. (and ^{to} the maintenance of the status quo) ~~with regard to~~ of matters covered by the Four Reserved Points of which the security of the communications of the British Empire in Egypt (a phrase which covered and was understood primarily to cover the Suez Canal) was the first. The terms of this declaration were formally notified by H.M.G. to foreign powers including Italy and it was accepted by them by reason of their refraining from objecting to it and ^{in view of} their conduct which recognized the continuance of H.M.G.'s rights in these matters. The only recognition therefore of H.M.G.'s position with regard to the Suez Canal which was lacking (if it were legally necessary) was that of Egypt which had never formally accepted either the/

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the Protectorate or the Reserved Points. Under Article 8 of the Anglo-Egyptian Treaty of 1936, however, it is provided that as the Suez Canal is not only a universal means of communication but also "an essential means of communication between different parts of the British Empire" British troops may be stationed in a zone near the Suez Canal "with a view to ensuring, in cooperation with the Egyptian forces, the defence of the Canal," until either both parties agree that the Egyptian army alone is in a position to provide for the security of the Canal or the Council of the League, on a reference by either party after 20 years, so decides. Thus under this article the right of the U.K. Government (instead of the Ottoman Government) to take action to defend the Canal in the second resort, which had already been recognised under the Peace Treaties, is now recognised by Egypt, the territorial sovereign of the Canal *for the duration of the Treaty or until the Council of the League decides otherwise*. (Any case which Italy might base on the fact that

Italian acceptance of Article 152 of the Treaty of Versailles was dependent on the continuation of the British Protectorate over Egypt, could hardly be sustained in view of their failure to make this point during the course of the 15 years which have now elapsed since the termination of the Protectorate).

The foregoing paragraphs were dictated after consultation with Mr Beckett.

In view of the likelihood of our receiving a number of questions in similar terms, it may perhaps be convenient not to limit the answer to Mr Benn to a plain negative, but to add a very brief statement of the legal position. I submit a draft reply herewith.

Mr Beckett.
(Intld.) W.E.B. 25/2

I. Wilson Young

25th February 1938

V. Cunningham
26/2
an

March 7. 1938

An official communiqué issued in Rome on Feb: 27 says that "reports published in certain newspapers as to Italian claims regarding armal supervision of the Suez Canal are simply fantastic... ~~and are so~~". A Cairo message to the Times says that the Italian Minister has assured the Egyptian Govt that "all suggestions about Italy's intentions regarding the Suez Canal are unfounded".

In view of this and of the sensitiveness of Egyptian feeling shown on the first reports I do not think this is the moment publicly to pin down our claim: We can make it clear to Sir M. Lampson and instruct H.R. to bear it in mind when and if he is called upon to discuss this matter with the Egyptian again.

In the circumstances I submit that our reply should be to the effect that H.M.G. are aware of no Italian claim to defend the Canal having been made & that an official statement denies the truth of recent press reports to that effect.

An alternative draft reply is submitted herewith marked B, which I strongly recommend should be adopted.

R. J. Campbell
Feb 28.
Mr. Beckett agrees. I am in favour of B.

20 28 Feb.

SUEZ CANAL.

7. Mr. Wedgwood Benn asked the Prime Minister whether at any time the Italian Government has asked for a share in the defence of the Suez Canal?

The Prime Minister: I have not caused any search to be made in the Foreign Office archives prior to 1922, but since that date His Majesty's Government are not aware of any request by the Italian Government for a share in the defence of the Suez Canal. An official *communiqué* was issued in Rome on 27th February in which the reports published by certain newspapers as to Italian claims regarding armed supervision of the Suez Canal are described as fantastic.

Mr. Benn: Then it is not a matter which will be discussed between the two Governments?

The Prime Minister: As there is no such matter, it cannot be discussed.

Mr. George Griffiths: Is this the first time that the head of the Italian Government has said that things are fantastic? Has he not always said that?

28 FEB 1938

March 7. 1938

OUT FILE

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No. 291.

FOREIGN OFFICE, S.W.1.

(J 780/38/16)

10th March, 1938.

Confidential.

Sir,

I transmit to Your Excellency herewith an extract from Hansard of the 28th February, containing the text of a question addressed to the Prime Minister regarding the defence of the Suez Canal and of Mr. Chamberlain's reply thereto and I consider that you should be aware of the views held by His Majesty's Government on the legal aspects of this subject.

2. Under the multilateral Convention respecting free navigation of the Suez Canal of 1888 (to which Italy is a party) the Egyptian Government is charged with the duty of ensuring the protection and the free use of the Canal, in time of war as in time of peace, to every vessel of commerce or war without distinction of flag. In case the Egyptian Government should not have sufficient resources at its disposal for this purpose, the Convention provides that that Government should appeal for assistance to the Ottoman Government (Article IX). In 1888, Egypt was under British military occupation and Ottoman suzerainty. Under the occupation His Majesty's Government assumed the ultimate responsibility for law and order and for the defence of/

His Excellency

Sir Miles Lampson, G.C.M.G., C.B.,

etc., etc., etc.,

Cairo.

March 7. 1938

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of the country and the Egyptian Government was required to take the advice of the British Agent on all important matters. Therefore the Egyptian Government under the Canal Convention, meant in effect His Majesty's Government, and it was not until 1904, when the Entente Cordiale agreement with France was concluded and the French accepted the British military occupation of Egypt indefinitely, that His Majesty's Government withdrew their reservation to the Canal Convention and the latter came fully into force. At the outbreak of War in 1914 His Majesty's Government assumed the Protectorate of Egypt and displaced the Ottoman Empire as suzerain. This action was recognised by the allied Powers, including Italy, at the time and they all joined in putting forward and signing in the Peace Treaties Articles (Nos. 147 and 152 of the Treaty of Versailles) under which the late enemy Powers recognised the British Protectorate which had been established over Egypt and recognised the transfer to the United Kingdom of the role conferred upon Turkey with regard to the defence of the Suez Canal by the Canal Convention. In 1923 by the Treaty of Lausanne, Turkey renounced her old suzerainty over Egypt as from the declaration of the Protectorate by His Majesty's Government. In 1922 His Majesty's Government issued a unilateral Declaration recognising the independence of Egypt and the British Protectorate was terminated, subject to the reservation to the discretion of His Majesty's Government (and to the maintenance of the status quo)

of/

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15741 9/37 P.O.P.

March 7. 1958

of matters covered by the Four Reserved Points of which the security of the communications of the British Empire in Egypt (a phrase which covered, and was understood primarily to cover, the Suez Canal) was the first. The terms of this declaration were formally notified by His Majesty's Government to foreign Powers, including Italy, and it was accepted by them by reason of their refraining from objecting to it and by reason of their conduct which recognised the continuance of His Majesty's Government's rights in these matters. The only recognition therefore of His Majesty's Government's position with regard to the Suez Canal which was lacking (if it were legally necessary) was that of Egypt which had never formally accepted either the Protectorate or the Reserved Points. Under Article 8 of the Anglo-Egyptian Treaty of 1936, however, it is provided that as the Suez Canal is not only a universal means of communication but also "an essential means of communication between different parts of the British Empire" British troops may be stationed in a zone near the Suez Canal "with a view to ensuring, in cooperation with the Egyptian forces, the defence of the Canal," until either both parties agree that the Egyptian army alone is in a position to provide for the security of the Canal or the Council of the League, on a reference by either party after twenty years, so decides. Thus under this Article the right of the United Kingdom Government (instead of the Ottoman Government) to take action to defend the Canal in the second resort, which had already been recognised under the/

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15741 9/37 P.O.E.

March 7. 1958

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the Peace Treaties, is now recognised by Egypt, the territorial sovereign of the Canal until both parties to the Treaty or the Council of the League decide otherwise.

3. Any case which Italy might base on the fact that Italian acceptance of Article 152 of the Treaty of Versailles was dependent on the continuation of the British Protectorate over Egypt, could hardly be sustained in view of Italy's failure to make this point during the course of the fifteen years which have now elapsed since the termination of the Protectorate.

4. Your Excellency will realise the desirability of withholding from the knowledge of the Egyptian Government the foregoing considerations and the conclusions drawn therefrom by His Majesty's Government until such time as it might become necessary publicly to state His Majesty's Government's views on the position. If any change were to be made as regards the responsibility for the defence of the Suez Canal, this change would require not merely the assent of Egypt and of the United Kingdom but also of all the other Powers parties to the Suez Canal Convention. As you are aware no such change is contemplated but I have thought it well that you should be in possession of a full statement of the position in this matter.

I am, with great truth and respect,
Sir,
Your Excellency's obedient Servant,
(For the Secretary of State)

(Sd.) RONALD CAMPBELL

recd. March 9. 1938

J784

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J		J 1938 40 MAR 1938
<p>Registry Number } FROM 721/38/16 Sir N. Charles, Rome No. Dated 199(265/1/38) Received 22nd Feb: in Registry } 1938 1st March, J : Egypt and Sudan</p>	<p><u>Italian attitude as regards the Suez Canal.</u> Gives substance of message purporting to come from Rome, published on 13th February, 1938 in the Leghorn paper "Telegrafo", giving details of sums paid by Italian shipping companies to the Suez Canal Company, referring to the incongruity of the Suez Canal tariff calculated on net tonnage of ships, and observing that the Suez Canal Company constitutes one of the greatest obstacles to the development of the Italian Empire as well as to the sound revival of international mercantile trade. (Copies sent to Paris and Cairo).</p>	
<p>Last Paper. 9780</p>	<p>(Minutes.) It does not now seem that the Italians are going to trouble us with Suez Canal questions. * Copy to BT Tray</p>	
<p>References. (Print.)</p>	<p>4/14 B. of T. - Tray. Met 14 7.10. Sir G. Malcolm. No. 13 Met 14</p>	
<p>(How disposed of.)</p>	<p>4/14 B. of T. - Tray. Met 14 7.10. Sir G. Malcolm. No. 13 Met 14</p>	
<p>(Action completed.) SP. 17.3.38</p>	<p>(Index.) 18 3</p>	<p>4/14 B. of T. - Tray. Met 14 7.10. Sir G. Malcolm. No. 13 Met 14</p>
<p>Next Paper. 9784</p>		

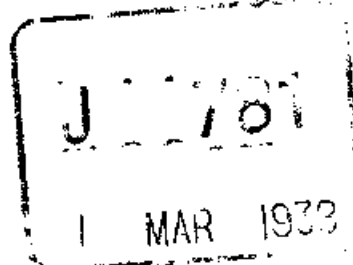
Italian attitude as regards the Suez Canal.
 Gives substance of message purporting to come from Rome, published on 13th February, 1938 in the Leghorn paper "Telegrafo", giving details of sums paid by Italian shipping companies to the Suez Canal Company, referring to the incongruity of the Suez Canal tariff calculated on net tonnage of ships, and observing that the Suez Canal Company constitutes one of the greatest obstacles to the development of the Italian Empire as well as to the sound revival of international mercantile trade.
 (Copies sent to Paris and Cairo).

(Minutes.)
 It does not now seem that the Italians are going to trouble us with Suez Canal questions.
 * Copy to BT
 Tray
 4/14 B. of T. -
 Tray.
 Met 14
 7.10. Sir G. Malcolm.
 No. 13 Met 14
 I cannot agree with the above minutes and fear that the Italians will give us a great deal of trouble over Suez Canal questions such as directorships, canal dues etc. etc. - a copy of this disp. might go to Sir G. Malcolm.
 Mr. Coward
 4/14

Most likely -
 action as proposed.
 R. J. Campbell
 yes
 20. 2. 38.
 26. March 9. 1938

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No. 199
(265/1/38)



British Embassy,
Rome.
22nd February, 1938.

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Sir,

I have the honour to inform you that the Leghorn paper "Telegrafo" published on February 13th, a message purporting to come from Rome under these headlines:

"The Incongruities in the Tariffs of the
"Suez Canal:

"Ships pay according to net tonnage even if they
"have a kilo of goods on board".

2. The message stated that, in view of the intensity of Italian maritime traffic through the Red Sea, the huge sums paid monthly by Italian shipping companies to the Suez Canal Company had become apparent.

3. For example Lloyd Triestino alone paid 2,700,000 lire in February. In that month 20 ships of this company, amounting in all to a tonnage of about 90,000 left Italy for Abyssinia and destinations beyond the Red Sea and on the basis of the present tariff of six shillings per ton net, they paid about two million seven hundred thousand lire. The incongruity of the Suez Canal tariff calculated on the net tonnage of the ship, should be noted. Even if a ship had only a kilo of goods on board it paid on the basis of its net tonnage both on the outward and the return journey.

4. These details concluded the message, were sufficient to show that the Suez Canal Company constituted one of the greatest obstacles to the development/

His Majesty's Principal Secretary of State
for Foreign Affairs,
etc., etc., etc.,
FOREIGN OFFICE.

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- 2 -

development of the new Empire, as well as to the sound revival of international mercantile trade.

5. I have sent a copy of this despatch to His Majesty's Representatives at Paris and Cairo.

I have the honour to be, with great truth and respect,
Sir,

Your most obedient, humble Servant,

(for the Ambassador)

Robert Charles

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10.	J.	J. 784.
1938,	EGYPT AND SUDAN.	1 March 1938 ⁴³
<u>Regstrd. No.</u> J. 784/38/16. <u>F.O. Minute.</u> (Mr. Cavendish Bentinck) <u>Dated:</u> Feb. 28th, 1938. <u>Recvd. in Registry.</u> March 1st, 1938. J. Egypt and Sudan.	<u>Question of nomination of an Italian Director to the Board of the Suez Canal Company.</u> Gives an account of previous requests by the Italian Government for the nomination of an Italian Director, and discusses the possibility of meeting this request if it is renewed.	
<u>Last Paper.</u>	(Minutes.)	
J. 781.		
<u>References.</u>	See separate minute within.	
(Print.)	(intltd.) R.I.C.	
(How disposed of.)	I agree in general: but am strongly against using the argument about British Directors being on the board qua defence - see A of minute - as this is not the reason of their presence. Qry. Act as proposed.	
Dpts Mr. Waley, Tey, Sir J. Boley, B. of A. Capt. Eddleston, Adm. S. Mr. Campbell, March 12.	(intltd.) L.O. 8th March.	
	(intltd.) A.C. March 8th, 1938.	
	I most earnestly hope that we shall <u>not</u> go so far as the passage which I have marked X on p.3 of this minute. It will be the thin end of a dangerous wedge; and in any case I would most certainly not make a concession of this kind to the Italians until they have not only signed more paper but - as I hope - acted in its spirit for an appreciable time - we to do the "appreciating".	
(Action completed.) Dr. 16.5.38	(intltd.) R.V. March 9.	
(Index.) 1173/4		
<u>Next Paper.</u>		
9867.		

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<p>Registry Number } 784/38/16</p> <p>FROM Foreign Office</p> <p>Minute</p> <p>(Mr. Cavendish-Bentinck)</p> <p>Dated</p> <p>Received 28th Feb. 1938</p> <p>in Registry } 1st Mar. 1938</p> <p>J: Egypt and Sudan</p>	<p><u>Question of nomination of Italian Director to Board of Suez Canal Company.</u></p> <p>Gives an account of previous requests by the Italian Government for the nomination of an Italian director to the Board of the Suez Canal Company, and discusses the possibility of meeting this request if it is renewed.</p>
<p>Last Paper.</p> <p><i>9781</i></p>	<p><i>See within.</i></p> <p>(Minutes.)</p>
<p>References.</p>	<p><i>Mr. Bennett first.</i></p>
<p>(Print.)</p>	<p>Mr. Cavendish Bentinck's memorandum is useful and interesting. As it seems probable that we shall have to consider our policy with regard to this matter with some care in the near future, I suggest that it will be desirable to complete this memorandum by further paragraphs showing (i) how under the statutes of the company the voting power at general meetings is exercised; (ii) what are precisely the provisions of the statutes of the company as regards the appointment and election of directors; if as I imagine there is some special article or provisions dealing with the election of British directors these should be referred to also. If there are special provisions regarding the election of British directors, does it follow from this under the statutes of the company that the British interests cannot vote in general meetings for the election of the other directors?</p> <p><i>(copies of the relevant articles might be annexed).</i></p> <p>As regards the policy, I only wish at present to make the following general observations. It is possible to justify the present position where the</p> <p>15741 9/37 F.O.P.</p> <p>directors/</p>
<p>(How disposed of.)</p> <p><i>Ops. Mr. Waley (may)</i></p> <p><i>S. J. Waley (may)</i></p> <p><i>Capt. Edleston</i></p> <p><i>(Bentley)</i></p> <p><i>from Mr. Campbell</i></p> <p><i>Mar. 12</i></p>	
<p>(Action completed.)</p>	<p>(Index.)</p>
<p>Next Paper.</p>	

directors are all British, French or Egyptian on the ground that the French are in because the Suez Canal Company was originally a French undertaking and the British and Egyptian because the United Kingdom and Egypt are responsible for the defence of the Canal. The one Dutch director does not fit in very well with this view, but we could adopt this view as a general argument against any changes introducing directors from countries outside those at present represented.

Another line would be that all countries whose shipping used the Canal to a considerable extent should be represented and this would of course bring in, in addition to the Italians, certain other Powers at any rate. The admission of any such principle, however, would gradually lead to claims for representation on the Board proportionate to the shipping interest and the Board would inevitably become a really international one with consequences which would I think be prejudicial to our interests as compared with the present position where it is virtually a purely Anglo-French concern.

A third line is to allow representation on the basis of great Powers, a policy which I think would produce results certainly no more favourable than the second policy.

I agree that if we facilitate the election of an Italian director, sooner or later we shall be pressed for the admission of directors from other Powers. Further, I think it is no good supposing that the Italians are going to be satisfied with one director for long even if they accept it to begin with. The possession of one seat will merely be the basis for an argument for further representation on the basis of the proportionate interests in the use of the Canal, etc./

* an international Board means claims for internationalising the officials: & a mixed lot of officials means inefficiency & unreliability: & the efficiency & reliability of the officials of Suez Canal exp. is very important for defence of canal and for interests of merchant shipping

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etc. so that it seems to me that it is necessary to form some idea of what our general policy is going to be with regard to this matter before we make any change because it is probably at least as easy and perhaps more easy to stick our toes in now and oppose all change than it would be later on to oppose further changes if we make the change in admitting an Italian director.

69/3/21980
3rd March, 1938.

I have made additions to the memorandum in accordance with the suggestions ^{contained in} made in the first paragraph of Mr. Beckett's minute.

As stated by Mr. Beckett the majority of the directors of the Suez Canal Company are French as the Company was originally a French undertaking, is still a French Company registered in Paris; on the other hand, the appointment of British directors had no connexion whatsoever with the defence of the Suez Canal. As stated in the third paragraph of my memorandum British directors were only appointed to the Company after H.M. Government had purchased the shares held by the Khedive, which amounted to 44% of the Company's shares. The holding of these shares was the basis for British representation though the fact that British shipping was and is the principal user of the Canal was adduced as a supplementary reason for increasing British representation on the Board in 1884.

In 1920 the Italians would doubtless have felt quite happy, if not proud, to be given one directorship on the Board of the Suez Canal Company, unfortunately during the last 18 years they have got grand ideas and opened their/

K
This was
quite correct.
The cry is
an Egyptian
cry but
it is
a cry
of a
people
who
are
not
happy

national
was
advising
the
2nd of
March
my
illness
many
of
it
I was
upstairs
as feared
a serious
and
failing

their mouths wider, with the result that one directorship, ~~which may depend on a nice piece of argument for or against~~, is not likely to content them at all events not for long.

The fact that there are 18 French directors would doubtless be particularly galling. It may be argued that one Italian would not do much harm, but on an ~~international~~ Board such as ^{that of} the Suez Canal Company, an energetic Italian could place a lot of spokes in the wheels of the Company's machinery. ^{The Italian Govt.} Italy, ~~not~~ ^{being} a shareholder and so far as we know ~~practically none~~ ^{appreciable number} of the shares of the Company being held in Italy, the Italian delegate would be ceaselessly agitating for a reduction in the Canal dues.

Whilst we consider that these dues should ^{now} be reduced, yet ~~continually~~ ^(in this manner) this agitation might later on prove awkward to us in

our capacity as the largest individual shareholder.

~~In the memorandum within which I have shown how an Italian~~ After reading Mr. Beckett's minute and further

considering the question of Italian and eventually German and Japanese representation on the Board of the Suez Canal Company, I venture to submit that we should take ~~up~~ the stand that the ~~Suez Canal~~ Company is a commercial concern in which H.M. Government happen to hold 44% of the shares and are therefore represented on the Board by three Government directors, that if the name of an Italian (and eventually a German and a Japanese) candidate should be submitted to the Board for election to a vacant directorship, the three British Government directors will be invited to vote in favour of that candidate, but that we regret that we cannot do more as we cannot issue instructions to the non-official British directors and ~~that~~ moreover the majority of the directors are not of British nationality. If ^{the} suggestion is made that the statutes of the Company should be revised so as to alter the composition of the Board of directors etc., we can reply

that....

how an Italian could be elected to the Company's Board of Directors

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that we deeply regret that whilst we do hold 44% of the shares of the Company, yet owing to Article 51. of the Company's statutes we are only entitled to 10 votes at a general meeting of shareholders as no shareholder or proxy can hold more than 10 votes.

V. Comandant *[Signature]*

Handwritten: 23/3
Handwritten: Handwritten Dept.

4th March, 1938.

How in separate minute

Re
Handwritten: Handwritten

I hope it will be possible to send Lord Perth a brief as to the facts governing the present representation on the Bd of Directors & as to the pros & cons about any Italian claim to a seat/or how we should deal with a request for such a seat. At things are at the moment the Chancery files contain little ready info on the subject

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Minute on J784/38/16.

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Question of Italian representation on board of Suez Canal Co.

I submit herewith a memorandum on previous requests made by the Italian Government for the nomination of an Italian director on the Board of the Suez Canal Company and the possibility of meeting this request if renewed.

This memorandum has been submitted to Mr Beckett, who suggested a couple of additions that I have ^{since} made, and observes that it is possible to justify the present position where the directors are ~~all~~ British, French or Egyptian on the ground that the French are in because the Suez Canal was originally a French undertaking and there are British and Egyptian directors on the Board of the Company because the United Kingdom and Egypt are responsible for the defence of the Canal.

With reference to the above observation, the majority of the directors of the Suez Canal Company are French, as the Suez Canal was originally a French undertaking and the Company is French and registered in Paris. The appointment of British directors has not previously been regarded as in any way connected with the defence of the Suez Canal. The British directors were only appointed to the Company after His Majesty's Government had purchased the shares held by the Khedive, which amounted to 44% of the issue. Possession of these shares has been the basis for British representation on the Board of the Company, though the fact that British shipping was and is by far the biggest user of the Canal was adduced as a supplementary reason for increasing British representation on the Board in 1884.

Mr Beckett submits as another line of policy that all countries whose shipping use the Canal to a considerable extent should be represented and this would include other Powers in addition to the Italians. Mr Beckett adds that

the/

*h. a.
quell
Cancor:
the way is
Egyptian
but with
an
administration
center
in Paris
h. a.*

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the admission of any such principle would gradually lead to claims for representation proportionate to the shipping interest, and the Board would inevitably become a really international body with consequences which would be prejudicial to our interests as compared with the present position where it is virtually a purely Anglo-French concern. An international Board would entail claims for an international body of officials which would mean inefficiency and unreliability. The present efficiency and reliability of the officials of the Suez Canal Company is of great importance for the defence of the Canal and the interests of merchant shipping.

In 1920 the Italian Government would doubtless have been content if one Italian national ~~were~~^{had been} elected to a directorship on the Board of the Suez Canal Company. However, their demands have tended to increase and are likely to continue to do so in this direction, with the result that whilst a directorship on the Board of the Company might be regarded ^{by many} as "a nice piece of sugar" ^{to give} it is not likely to content the Italians for long and the fact that there would be 18 French directors would be particularly galling. It may be argued that one Italian could not do much harm, but an energetic Italian director could frequently place spokes in the wheels of the Company's machinery and would probably be ceaselessly agitating for a reduction in the Canal dues. Whilst we consider that these dues might at the present time be reduced, yet continual agitation in this sense might later on prove awkward to us in our capacity as the largest individual shareholder. The Italian Government may hold a number of shares in the Company which have compulsorily been ceded to them by banks, companies and
private/

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private individuals in exchange for Government Bonds, ^{and} I do not believe that the number of shares held by the Italian Government amount to more than a comparatively small proportion.

X The election of an Italian director will sooner or later result in pressure for the admission of directors from other Powers, in particular Germany and Japan, and it is unlikely that the Italian Government will be satisfied for long with only one director. ^{therefore} I venture to submit that we should take the stand that this Company is a commercial concern in which His Majesty's Government happen to hold 44% of the shares and are therefore represented on the Board by three official directors, that if the name of an Italian candidate should be submitted to the Board for election to a vacant directorship the three British Government Directors will be invited to vote in favour of that candidate, but that we regret that we can do no more as we cannot give instructions to the non official British directors and as, moreover, the majority of the directors of the Company are not of British nationality. If a suggestion is made that the Statutes of the Company should be revised ^{at a general meeting} so as to alter the composition of the Board of Directors we can reply that we deeply regret that whilst we do hold 44% of the shares of the Company, yet owing to the terms of Article 51 of the Company's Statutes, we are only entitled to ten votes at a general meeting of shareholders as no single shareholder or proxy can hold more than ten votes.

The Board of Trade and Treasury should be consulted before any instructions are sent to Lord Perth and the French Government should be informed of the instructions that/

It is submitted that the memo
 sh^d be sent urgently to the T^{ry} B. of T.
 & perhaps the Admiralty and ~~the~~ in
 a short cover explaining its genesis
 and suggesting an ^{very} early inter-depart-
 mental meeting to decide on a
 submission to H.M.G.

? action accordingly

R. J. Campbell
 March 7.

H. 8/3

Offs Adm^t Treasury, B. of T.

March 12.

52

Previous requests by Italian Government for Nomination of
an Italian Director to the Board of the Suez Canal
Company and possibility of meeting this
request if renewed.

J 784
1 MAR 1933

On January 22nd 1920 Sir Ian Malcolm reported that directors of the Suez Canal Company wished to ascertain whether His Majesty's Government and the French Government would view with pleasure the appointment of an Italian director to the Board of the Company. As it was thought probable that the Japanese Government would desire the appointment of a Japanese director, enquiries were made as to what the views of the Board of the Suez Canal Company and the French Government might be as regards the candidature of a Japanese national. It was learnt that the Board of the Suez Canal Company would not care to be joined by a Japanese representative.

The Italian Embassy enquired in July, October and November of 1920 whether British support would be given to an Italian candidate for the place of the German director whose appointment on the board of the Suez Canal Company was terminated in 1915. At that time the Italian Government was proving somewhat troublesome and it appeared undesirable to encourage Italian influence in the Near East, it was therefore decided not to accede to this request and on December 7th, 1920 Sir Eyre Crowe wrote to Marquis Imperiali, the Italian Ambassador, that the appointment of an Italian national to the place formerly occupied by a German on the Board of the Suez Canal Company was a matter entirely for the directors themselves to decide and that His Majesty's Government could not properly

undertake/

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undertake to support any particular candidate. However, on June 22nd, 1922, the late Lord Balfour informed Sir Ian Malcolm that His Majesty's Government then desired to oblige the Italian Government in small matters and that consequently they would view sympathetically the election of an Italian to the vacant directorship on the Board of the Suez Canal Company previously occupied by a German national, which had not been filled. Lord Balfour added that a hint to this effect would be conveyed to the Italian Ambassador when a suitable opportunity occurred. Lord Balfour's instructions reached Sir Ian Malcolm too late for action with the result that M. Camille Barrère was elected to the former German director's seat. No record can be found of any recent request by the Italian Government for representation on the Board of the Suez Canal Company, although articles have appeared in the Italian press pointing out the unfavourable position at present occupied by Italy in this respect.

The history of the composition of the Board of the Suez Canal Company is that in 1874, i.e. five years after the opening of the Canal, a general meeting of the shareholders of the Company was called upon to elect the Board of Directors who numbered twenty-one and were then all French nationals. In 1876 after the purchase by His Majesty's Government of the shares held by the Khedive, the number of directors was increased to twenty-four by the addition of three British subjects, official representatives of His Majesty's Government. This comparatively small British representation gave rise to complaints and, in 1884, the number of directors having been increased from twenty-four to thirty-two, seven non

official/

("chosen from amongst English shipowners and merchants")
official British directors were appointed, a Dutch subject was elected to a seat previously occupied by a French citizen and a Belgian was appointed to the eighth additional seat on the Board. In 1899 on the death of this Belgian a German citizen was appointed in his place. Consequently up to the outbreak of war, the Board was composed of twenty French nationals, ten British subjects, one Netherlands subject and one German subject.

The method of election of the non official British directors is that, when one of these seven unofficial directors dies or resigns, his colleagues propose the name of a suitable successor to the President of the Company; after his concurrence has been obtained, the nomination is put forward. The candidate is then elected by the full Board of directors pending the next annual general meeting of shareholders at which the appointment is confirmed. When a vacancy occurs amongst the three official British directors of the Company, the President of the Company is informed beforehand of the name of the candidate nominated by His Majesty's Government; he submits this name to the Board who elect the candidate and this election is confirmed at the next general meeting of shareholders. There are no special provisions in the statutes of the Company as regards the election of the British directors and the procedure outlined above is a matter of custom and convenience. The British directors take part in the deliberations of the Board in the same manner as their colleagues of other nationalities and vote for the election of other directors. The nomination of candidates to vacant French directorships is proposed by the President of the Company who has a
long/

long waiting list. When a new candidate is nominated for election, the necessary hundred qualifying shares formerly held by his predecessor are transferred to his name. The term of office of a director is eight years on the expiry of which he is in practice always re-elected (a copy of the principal articles of the statutes of the Company governing the election of directors is attached - Annex A).

The ordinary general meeting of the Company's shareholders takes place once a year in the first fortnight of May. Only persons holding or representing holders of twenty-five shares may take part in these meetings. No question which does not figure on the agenda prepared by the Board of Directors may be discussed at the general meeting. Decisions are taken by a majority vote. Twenty-five shares give right to one vote but ~~the same~~ ^{each} shareholder cannot have more than ten votes either as shareholder or as proxy. The result of this stipulation is that His Majesty's Government could only ~~fully~~ use at a general meeting the ~~full~~ voting power of the 44% of the shares in the Company which they hold, if these shares were divided up in lots of 250 and pro forma transferred to trustworthy nominees. (A copy of the more important articles of the statutes of the Company dealing with general meetings is attached - Annex B).

It is understood that the Marquis de Vogtle, the President of the Company, realises that the nationals of other countries (in particular Germany and Italy) not represented at present on the Board of the Company may eventually have to be elected, though an Italian would be preferred to a German.

If Italian representation on the Board of the Suez

Canal/

accounted in 1927 for
 47.23% of the total
 traffic passing through
 the Canal. Italian
 shipping carried most
 with 15.1% of that
 traffic.

Canal Company were to form an item of the Italian desiderata at the forthcoming conversations, it will not be possible to surrender any British seats as there are only ten British directors, whilst British shipping ~~is still the biggest user of the Canal~~ and His Majesty's Government own 44% of the shares. Any suggestion that a British seat should be surrendered would meet with the strongest opposition from our shipping interests. It might be possible to persuade the President of the Company and the French directors to surrender one or two seats to Italian nationals as and when vacancies occur in the same manner as seats are being found for two Egyptian directors.

When the two Egyptian directors have been appointed in accordance with an undertaking given to the Egyptian Government (only one has been selected so far, as the Egyptian Government have not yet informed the President of the Company of the name of their second candidate), the Board will consist of nineteen French directors, ten British, two Egyptian and one Dutchman. * If two Italian directors were nominated the French directors would still be in a majority, i.e. a majority of seventeen Frenchmen as against fifteen of other nationalities. On the other hand, if the request of the Italian Government for representation on the Board is met, similar demands may be made by the German and Japanese Governments. It would therefore appear desirable to limit Italian representation on the Board of the Suez Canal Company to one seat with the result that, if these German and Japanese requests were met, French and non French representation on

the/

ANNEX A.Article 24.

La Société est administrée par un conseil composé de trente deux membres représentant les principales nationalités intéressées à l'entreprise.

Un comité choisi dans son sein, est spécialement chargé de la direction et de la gestion des affaires de la Société.

Article 25.

Les administrateurs ne contractent, en raison de leurs fonctions, aucune obligation personnelle. Ils ne répondent que de l'exécution de leur mandat.

Article 26.

Les administrateurs sont nommés par l'assemblée générale des actionnaires pour huit années.

Le conseil se renouvelle en conséquence chaque année par huitième. Jusqu'à ce que l'entier renouvellement du conseil ait établi l'ordre de roulement, les membres sortans sont désignés annuellement par le sort.

Les administrateurs sortans peuvent toujours être réélus.

Article 27.

En cas de vacances provenant de démissions ou de décès, il est pourvu provisoirement au remplacement par le conseil d'administration jusqu'à la prochaine assemblée générale des actionnaires.

Les administrateurs ainsi nommés ne demeurent en fonctions que pendant le temps restant à courir pour l'exercice de leurs prédécesseurs.

Article 28.

Chaque administrateur doit être propriétaire de cent actions, qui sont inaliénables et restent déposées dans la caisse sociale pendant toute la durée de ses fonctions.

Article 51.

Le Conseil d'administration se réunit au moins une fois par mois. Il se réunit, en outre, sur la convocation du président, aussi souvent que l'exigent les intérêts de la Société.

Les décisions sont prises à la majorité des voix des membres présents.

En cas de partage la voix du président est prépondérante.

ANNEX B.

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Article 43.

L'assemblée générale régulièrement constituée représente l'universalité des actionnaires.

Article 44.

L'assemblée générale se compose de tous les actionnaires propriétaires d'au moins vingt-cinq actions.

Elle est régulièrement constituée lorsque les actionnaires qui la composent sont au nombre de quarante et représentent le vingtième du fonds social.

Article 46.

L'assemblée générale se réunit chaque année, dans la première quinzaine du mois de mai.

Elle se réunit en outre extraordinairement toutes les fois que le Conseil d'administration en reconnaît l'utilité.

Article 50.

Les délibérations de l'assemblée générale sont prises à la majorité des voix des membres présents ou régulièrement représentés, conformément à l'article quarante huit ci dessus.

En cas de partage, la voix du président est prépondérante.

Article 51.

Vingt cinq actions donnent droit à une voix; le même actionnaire ne peut réunir plus de dix voix, soit comme actionnaire soit comme mandataire.

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Article 55.

L'ordre du jour de l'assemblée générale est arrêté
par le conseil d'administration.

Aucune autre question que celles portées à l'ordre du
jour ne peut être mise en délibération.

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(J 784/38/16)

OUT FILE

FOREIGN OFFICE, S.W.1.

18th March, 1938.

IMMEDIATE.

Dear Valey,

As you are aware, the Italian Government have on one or two occasions in the past made known their desire to see an Italian director nominated to the Board of the Suez Canal Company; I enclose a copy of a memorandum on this subject which has been prepared in the Foreign Office.

It is possible that the Italian Government may seize an opportunity during the conversations now proceeding in Rome again to ventilate their wishes in this respect and it is clearly necessary therefore that Lord Perth should be briefed as soon as possible on the attitude which His Majesty's Government would adopt in any such eventuality.

We should accordingly like to call an interdepartmental meeting early next week to draw up a draft brief for submission to higher authority.

Would

S.D. Valey, Esq., C.B., M.C.
Treasury.

(Index.)
18
14
14
at Paper.
9946

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Would you kindly let me know by telephone whether you could manage an early appointment.

I am writing similarly to Foley and Edelman.

Yours ever

ANDREW ROBERTS CAMPBELL

(Index.)
18 14 14
it Paper.
9946

J

J 946
12 MAR 1938

Registry Number } J 946/38/16
 FROM Lord Cromer to Mr. Campbell.
 No. Private.
 Dated 10th Mar. 1938
 Received in Registry } 12th Mar. 1938
 J: Egypt and Sudan.

Question of representation of Italy on Board of Suez Canal Company.
 In conversation on 7th March 1938, the President of the Suez Canal Company said that while the question of Italian representation on the Board of the Company had been mooted in the past, it had not arisen lately. He explained the position as regards the three vacancies amongst the French seats on the Board, and said that he proposed to keep one vacancy open in case the conversations with Italy resulted in any request from that country for representation, which he would not feel disinclined to consider favourably.
 (Copies sent to Sir I. Malcolm and Sir J. Davies)

Last Paper.
 7867

(Minutes.)

References.

In case H.M. Co. should decide to support any eventual Italian candidate, it is satisfactory that the President of the Co. should have informed Lord Cromer that "he would not feel disinclined to consider favourably" an Italian request for representation on the Board.

(Print.)

A. Thynne We can communicate accordingly

(How disposed of.)
 Off. Lord Cromer from Mr. Campbell.
 ✓ Mch. 19.

the substance of the letter to the other Depts. at the meeting next week.
 1. Wils 4
 12/3

(Action completed.)
 25.3.38

Mr. Waley of the Treasury is in favour of the election of an Italian to the Board of the Suez Canal Co. and later on of a German as they will support us in our requests for reductions

Next Paper.
 7981

15741 9/37 F.O.P.

production of shares to which the French directors are always opposed. Mr. Waley does not think that these directors of Italian and German nationality would be able to bring about an excessive reduction of shares on account of French preponderance in the Board. He also considers that the presence of German and Italian directors may help to prevent the Egyptians from having their own way altogether when negotiations take place ~~for a renewal~~ ^{for a renewal} of the company's concession.

It has been arranged with Captain Edelsten, Mr. Waley and Sir J. Foley that they will come to an inter departmental meeting here as requested in J. 784 at 3.30 p.m. on Thursday March 17th.

V. Cawndish *[Signature]* 14.3.38

We shall have an opportunity of putting the other side (see minutes on J 784) at the meeting.

R. J. Campbell
March 15.

M. Bickell

Lo. 16. mch.

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Private.

12, MONTAGU SQUARE, W.1.

WELBECK 2760.

12 MAR 1938

10th March 1938.

Dear Mr. Campbell,

Suez Canal Board.

While sitting next to the President at luncheon on March 7th, he told me that he had read with feelings of mixed amusement and surprise some of the ignorant statements recently published in the English press, and notably in the "Daily Mail," regarding the Italian claim to representation and control on the Suez Canal.

Upon my enquiry as to whether he had recently had any tentative suggestions made to him for Italian representation, he told me that, while this had been mooted in the past, the question had not arisen lately.

The President further explained that there

Forster, P.O., G.C.B., G.C.I.E., G.C.V.O.,
12, Montagu Square,
W.1.

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12. MONTAGU SQUARE, W.1.

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WELBECK 2780.

were at present three vacancies amongst the French seats on the Board, caused by the deaths of Monsieur Devin, Monsieur de Fleuriau, and quite lately by that of the Vice-President, Monsieur André Lebon.

As to the French Vice-Presidency, he would feel obliged to appoint Monsieur Charles Laurent in view of his seniority. He also proposed to fill ^{two} ~~one~~ other vacancy ^{ies} before the Annual General Meeting in June, but had not yet decided as to whom to propose.

In this connection he told me that he had no less than eight applications from French ex-ambassadors, but that he did not hold with the principle of necessarily replacing one ambassador by another.

omer, P.C., G.C.B. G.C.I.E., G.C.V.O.,
1 Square,
1.

- 3 -

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12, MONTAGU SQUARE, W.1.

WELBECK 2780.

As regards the third vacancy, he did not propose to fill this until later on, and would feel justified in keeping this open in view of Minsieur Lebon's death being so recent.

A further purpose he had in mind in keeping this vacancy, was in case the conversations in progress with Italy resulted in any request from that country for representation, which he, as President, would not feel disinclined to consider favourably.

This being how matters stand, I think you may like to have this information as to the Marquis de Vogué attitude, and I am

Comer, P.C., G.C.B., G.C.I.E., G.O.V.O.,
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12, MONTAGU SQUARE, W.I.

WELBECK 2780.

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sending a copy of this letter to Sir Ian
Malcolm and Sir John Davies.

Yours sincerely
Pomer.

Ronald I. Campbell Esq., C.B., C.M.G.,
The Foreign Office,
S.W.1.

Pomer, P.O., G.C.B., G.C.I.E., G.C.V.O.,
12, Montagu Square,
W.I.

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OUT FILE
FOREIGN OFFICE, S.W.1
19th March 1938.

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J 946/38/16

Dear Lord Cromer,

I am writing to thank you for your letter of the 10th March in which you were so good as to communicate the substance of a recent conversation which you had with the President of the Suez Canal Company on the subject of the Italian claim to representation on the Board of Directors.

[Signed] RONALD CAMPBELL

The Earl of Cromer, P.C., G.C.B., G.C.I.E., G.C.V.O.,
12 Montagu Square,
W.1.

38	(Index) 13 B
kt Paper.	
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J		89 14 MAR 1938
Registry Number } J 981/38/16 FROM Sir M. Lampsom, Cairo. No. 239 (327/8/38) Dated 3rd Mar. 1938 Received in Registry 14th Mar. 1938 J; Egypt and Sudan	<u>Alleged claim by Italy to participation in defence of Suez Canal.</u> Refers to Cairo telegram No. 112 of 28th February 1938 (J 771/38/16). Transmits copies of translation of letter dated 25th February 1938 from Ahmed Hussein Effendi, President of the Young Egypt Society, declaring that the question of the defence of the Suez Canal cannot be the subject of negotiations between Great Britain and Italy; and maintaining that Egypt alone has the right to defend the Canal. This letter appears to repudiate the military clauses of the Anglo-Egyptian Treaty as regards British participation in the defence of the canal. No reply has been sent to the letter.	

Last Paper. 9946	(Minutes.) The legal position has been set out in our despatch to Sir M. Lampsom of the 10 th March in J 780.
References.	
(Print.)	

(How disposed of.) Mr Beckett. 16/3 1. Wilson. 16/3 16/3.
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(Action completed.) 19.3.38	(Index) 73 13
Next Paper. 91047	

No. 239.

(327/8/38)

BRITISH EMBASSY,

CAIRO.

90

3rd March, 1938.

My Lord, MAR 1938

With reference to my telegram No. 112 of February 28th, I have the honour to transmit herewith a translation of a letter addressed to me by Ahmed Hussein Effendi, President of the Young Egypt Society, declaring that the question of the defence of the Suez Canal cannot be the subject of negotiations between Great Britain and Italy. The writer goes on to maintain that Egypt alone has the right to defend the Canal and appears to repudiate the Anglo-Egyptian Treaty's military clauses as regards British participation in the defence of the canal.

2. I have returned no answer to this communication, to which publicity was given in the press on the same day as its receipt by me.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient, humble Servant.

Arthur C. Lampson
AMBASSADOR.

The Right Honourable

Viscount Halifax, K.G., P.C.,

G.C.S.I., G.C.I.E.,

etc., etc., etc.

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The Young Egypt Party,

Headquarters.

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Office of the President.

H.E. The British Ambassador to the Government of His
Egyptian Majesty.

After salutations and respects

I have the honour to inform Your Excellency that local as well as foreign newspapers have published statements of Italy's demands. These demands are considered by her to be based on her right to defend or participate in the defence of the Suez Canal. I have been assured that such information is worthy of consideration since the Egyptian Council of Ministers discussed it at their meeting of Thursday last.

It interests the Young Egypt Party which is the mouthpiece of the new generation and which truly represents the will of the youth to inform Your Excellency - in your capacity as the representative of H.B.M.'s Government - that Egypt can in no way accept that the question of the defence of the Suez Canal which is part of Egyptian territory be the subject of bargaining and negotiations of any nature, between Great Britain and Italy. Egypt alone has the full right to defend the Canal. Every old or new restriction of this right is null and void, and can neither be approved or surrendered to.

I wish to inform Your Excellency of this for communication to the British Foreign Office in due course.

Please, Excellency, accept my highest
respects

Yours sincerely

(Signed) AHMED MUHSSEIN.

President of the Young Egypt Party.

25th February, 1938.

<p>1933</p> <p>Registry Number J 1047/38/16</p> <p>FROM Foreign Office Minute</p> <p>No.</p> <p>Dated 19th Mar. 1938</p> <p>Received in Registry</p> <p>J: Egypt and Sudan</p>	<p>J</p>	<p>J 1047/92</p>
	<p>Question of representation of Italy on the Board of the Suez Canal Company.</p> <p>Draft record of the interdepartmental meeting held at the Foreign Office on the 17th March 1938 to discuss the question of Italian representation on the Board of the Suez Canal Company.</p>	

<p>Last Paper. 981</p>	<p>(Minutes.)</p> <p>? Send draft record of meeting to Mr. Welby, Mr. Carter & Captain Edelstein under annual draft.</p> <p>Mr. Buxton 18/3</p> <p>Mr. Buxton 18/3</p> <p>1. Wilson. 17/3</p> <p>V. Cameron 17/3</p>
<p>References.</p>	<p>Now please see final list of which copies should be sent to Mr. Welby, Mr. Carter & Captain Edelstein.</p> <p>1. Wilson. 25/3</p> <p>Yes 26/3</p>
<p>(Print.)</p>	<p>(How disposed of.)</p> <p>Offs. Mr. Welby (Tray)</p> <p>Mr. Carter (B. of T.)</p> <p>Capt. Edelstein (Admty.)</p> <p>from Mr. Campbell.</p> <p>McH/2</p> <p>Copies of record sent in final form to Rome, Cairo, Iraq, B. of T., Admty., W.O. & A.M.</p> <p>On 11/5/38/11</p> <p>See over</p>
<p>(Action completed.)</p> <p>2.4.38</p>	<p>(Index.)</p> <p>1/37</p> <p>1/4</p>
<p>Next Paper.</p> <p>1058</p>	<p>16131 11/37 F.O.P.</p>

Final Ver 9

SECRET

(J 1047/89/18)

ITALIAN REPRESENTATION ON THE BOARD OF THE SUEZ CANAL COMPANY.

A meeting was held at the Foreign Office on the 17th March to discuss the question of Italian representation on the Board of the Suez Canal Company. The following were present:-

Mr. R.I. Campbell, C.B., C.M.G., Chairman	
Mr. W.E. Beckett, C.M.G.	Foreign Office.
Mr. V. Cavendish Bentinck.	
Mr. I. Wilson Young.	
Mr. S.D. Waley, C.B., M.C.	Treasury.
Mr. V. Carter, C.B.E.	Board of Trade.
Mr. V.O. Weston.	
Captain J.H. Edleston, R.N.	Admiralty.
Mr. E.A. Seal.	

Mr. CAMPBELL explained that the meeting had been called to consider the attitude which should be adopted by His Majesty's Government in the event of the Italian Government requesting His Majesty's Government's assistance in securing Italian representation on the Board of the Suez Canal Company. Such a request had not been received, but it was clearly desirable that Lord Perth should be given an indication of His Majesty's Government's probable attitude towards such a request. The Foreign Office were not anxious to see an Italian director on the Board since this might be expected to

be/

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be only the first step in the direction of progressively greater internationalisation of the directorate, followed by the appointment of a larger proportion of non-French officials and a reduction in the efficiency of administration; moreover these factors would clearly have consequences in the sphere of defence.

MR. VALEY said that the interests of the Treasury, as representing the British taxpayer, were always fully safeguarded by the French directors and shareholders. An Italian director might be expected to help in securing a reduction of the dues and as regards the Foreign Office fears of increased non-French personnel, he thought the French members of the staff were exceedingly tenacious and would be very difficult to dislodge. The same considerations would apply to the election of a German director.

MR. CARTER pointed out that French, Egyptian and British representation on the Board could be justified on special grounds not relating to the utilisation of the Canal by the ships of those countries. Such grounds were that the Canal had been constructed by the French, that it was situated in Egypt and was defended by the Egyptian and the U.K. Governments, and the U.K. Government held a large proportion of the shares in the Company. In view, however, of the fact that Holland was now, and Germany was before them, represented on the Board, it seemed difficult to take the line that countries with important shipping interests might not be represented. While the Merchant Marine Department knew of no shipping reasons against the appointment of an Italian director, it would not be in favour of any reduction in the number of British directors. MR. CARTER gave the following percentage figures for commercial tonnage passing through the Canal in 1937:-

British Empire.	48%
Italy.	13.6%
	Germany/

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Germany.	9.5%	
The Netherlands.	8.0%	
France.	5.0%	st
Japan.	2.7%	est

MR. CARTER pointed out that if an Italian director was admitted, an application for the admission of a German director might properly be expected.

MR. BROCKETT made the point that if His Majesty's Government supported Italian representation on the ground of the amount of Italian shipping using the Canal they would be admitting as the basis of representation, the principle that use of the Canal entitled the user to representation on the Board. It would be the thin edge of the wedge and the same principle would justify later Italian demands for more than one director and demands by other powers for directors, which would sooner or later lead to complete internationalisation of the Board. If the Board became really international, it would not be long before this principle would be applied to the personnel of the company. MR. CARTER replied that he agreed with MR. VALEY that such a process would take a very long time. The French would oppose increasing internationalisation at every stage and, desiring to retain their present majority on the Board, would be unlikely to agree to an increase in the number of directors above 50.

MR. CAMPBELL then asked MR. CARTER whether if good reason could be found for refusing to accede to an Italian request, the Board of Trade would prefer not to see the election of an Italian director. MR. CARTER agreed. He explained that the President of the Board of Trade had not yet been consulted, and the matter would have to be submitted to him due course.

CAPTAIN EDSLUTEN pointed out that the Admiralty would be apprehensive/

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apprehensive of the degree to which his official position would enable an Italian director to pry into our defence measures. On the other hand, our support of an Italian request would clearly be a conciliatory measure. He went on to ask whether His Majesty's Government's support of an Italian Request would necessarily mean the appointment of an Italian director within, say, ten years.

MR. BECKETT explained that in view of the known attitude of the President of the Company, the Marquis de Vogüe, namely that he would not feel disinclined favourably to consider an Italian request for representation, it was thought that support by the British directors would probably result in the Italian request being assented to very soon. A decision of the Board of directors was always ratified by the shareholders at the annual general meeting.

MR. WALBY suggested that before replying to any Italian request, His Majesty's Government would have to consult the French and Egyptian Governments. MR. CAMPBELL agreed with MR. WALBY. MR. CARTER raised the question whether the British unofficial directors should be consulted, or at least informed, if it was proposed to agree to the Italian request for the appointment of an Italian director.

MR. SEAL suggested that the question should be looked at from the strategic as opposed to the commercial point of view and that we should at once recognise that Italy possessed a legitimate strategic interest. Surely it was wiser to recognise now an Italian request in a limited form rather than to wait for a more extreme demand later. MR. SEAL agreed, however, that strategic interests could not publicly be used to justify Italian representation. It was pointed out that there were two points:-

(1) the difficulties which one Italian director could create:

(2)/

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(2) the danger that such an appointment would only be the thin end of the wedge and consequently the difficulties which more than one Italian director with perhaps a German colleague could create.

MR. CAMPBELL, summing up the attitude of the Admiralty representatives, asked whether it would be correct to say that if there were a danger of undesirable action being taken by an Italian director, then the Admiralty would be against Italian representation.

CAPTAIN EDWARDS agreed and undertook that the Admiralty should write officially to the Foreign Office explaining how much importance from the defence point of view the Admiralty attached to opposing Italian representation and how far they were prepared to see the defence point of view overridden by political considerations.

Concluding the meeting MR. CAMPBELL said that as soon as the Foreign Office received the Admiralty's official views, they and the Treasury would be in a position to submit the question to higher authority for a decision.

①

1938

J

J 1058

21 MAR 1938

Registry Number } J 1058/38/16

TELEGRAM FROM
Lord Perth, (Rome).

No. 183 (R).

Dated 19th Mar: 1938

Received in Registry } 21st Mar: 1938

J: Egypt and Sudan

Italian attitude as regards the Suez Canal.

Refers to Rome telegram No. 178 (R2982/23/22).

Gives the text of the Italian proposal about the Suez Canal:-

"Italian and British governments, considering Suez Canal is an essential means of communication between their metropolitan and Imperial territories, confirm their engagement respecting at all times the rules laid down by convention of Constantinople of 29th October, 1888, and particularly as regards liberty of access and transit, the neutralization of the Canal and prohibition exercised sic the right of blockade".

Last Paper.

(Minutes.)

References.

(since checked and corrected)

This telegram has reached us in rather corrupt form, but I think that provided a formula about the Suez Canal is acceptable in principle, we need see no objections to the text proposed by the Italians. The use of the adjective "Imperial" may be noted. The words "confirm their engagement to respect" is perhaps a trifle clumsy as suggesting confirmation by the two Governments of some subsequent engagement to observe the provisions of the 1888 Convention; "intention" might be substituted for "engagement". One further point may be noted and that is the use of the phrase "neutralisation of the Canal." This phrase is presumably intended to cover the provisions of Article 4 of the Convention which provides that "no right of war, "no act of hostility, nor any act having for its "object to obstruct the free navigation of the Canal, "shall be committed in the Canal and its ports of "access as well as within a radius of three marine "miles from those ports"; it is for consideration whether some form of words should not be found to cover these provisions of Article 4 without necessitating the use...

(Print.)

(How disposed of.)

Admiralty

Tel. Rome. No. 135

✓ Mch. 24

* Tel. Rome. No. 136

✓ Mch. 24

* L.H. Admiralty

✓ Mch. 24

Dept's compo to the Admiralty

confirmatory copies to Rome No. 135 & 136

Action completed.

23.4.38

(Index)

7/5

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Next Paper.

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use of the word "neutralisation" which nowhere appears in the Convention and possibly is capable of varying interpretations.

2. Generally speaking it is gratifying that the Italian desiderata as regards the Suez Canal should be limited to a proposal of this kind. We have already been given to understand that the question of defence would not be raised; at the same time we suspected that the Italians would make known their desire to see an Italian representative on the Board of the Suez Canal Company and the question of the attitude to be adopted by H.M. Government towards any such request is now under consideration by the Foreign Office, Admiralty, Board of Trade, and Treasury.

3. On the other hand, according to para. 11 of Lord Perth's telegram No. 178, Count Ciano gave the Ambassador no indication of the reasons behind this request for a re-affirmation of the obligations of the Convention of 1888, and it is not at all clear why they should have done so. The Italian Government must suspect the existence of a Plan for the Defence of the Suez Canal and it is possible that, not being aware of the fact that we should, in the event of having to put the Plan into operation, be able to bring the Plan within the four corners of our obligations under the 1888 Convention, they hope by obtaining a re-affirmation of our intention to observe that Convention to subject any Defence Plan to considerable difficulties. In fact as is set out in our despatch to Sir Miles Lampson No. 291 of the 10th March (J. 780/38/16) we are able under the 1888 Convention, taken in conjunction with Articles 147 and 152 of the Treaty of Versailles and the Anglo-Egyptian Treaty of Alliance, to take the measures necessary to put the Suez Canal Defence Plan into effect. There would accordingly seem to be no objection.....

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objection to our re-affirming our intention to observe the Convention.

Mr. Beckett.

I. Wilson Young

21st March, 1938.

This text seems identical with the exception of the words "the neutralization of the Canal". This phrase may be intended merely to cover the provisions of article 4 of the Convention or it may be a trap to ~~enable~~ enable the Italian Govt. to assert later on that the Suez Canal being neutral should not be held by the troops of any one Power. I mistrust the word neutralization in this text and would suggest that the risk of possible arguments later on would be avoided if this clause in the Dan Voinovagen agreement ended at the words: "Convention of Constantinople of Oct. 29th 1833".

V. Comandante Beninck
4.3.38

There are a certain number of small points in this text: I should like to discuss it as soon as possible with the Reps & representatives of the Assembly (including P. Seal)

W.B.²²
3

I don't like "Imperial territories" figuring in a document before the front of de jure recognition. Would not "Newer possessions" do?

If a snag is suspected over 'neutralisation', by all means let us

let us try another form of words.
J.M.B. Ingram
 22/3

I have sent a copy of this to Captain
 Edleston, Admiralty and have arranged a
 meeting here with Admiralty representatives at
 3 p.m. tomorrow - March 23rd. - V. Cavendish Bentinck.

In the circumstances 22/3
 I much prefer "Overseas"
 to "Imperial" territories.

If this is approved
 we can propose it
 when telegraphing to
 Lord Perth after tomorrow's
 meeting.

No. 22 March
 AB.
 March 22, 1938

Rome telegram No. 163 was discussed at a meeting at
 the Foreign Office this afternoon attended by Mr.
 Cavendish Bentinck, Mr. Beckett and myself from the
 Foreign Office, and Mr. Seal and Major Johnson ^{from} the
 Admiralty. Mr. Ingram was also present for part of the
 time.

The conclusions of the meeting are embodied in the
 annexed draft telegrams to Lord Perth.

I. Wilson Young
 23rd March 1938.

objection.....

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ITALIAN PROPOSAL ABOUT THE SUEZ CANAL.

A meeting was held on the afternoon of March 23rd to discuss the text of the Italian proposal regarding the Suez Canal which reads as follows:-

"Italian and British Governments considering Suez Canal is an essential means of communication between their metropolitan and Imperial territories confirm their engagement to respect at all times the rules laid down by the convention of Constantinople of October 20th, 1888, and particularly as regards liberty of access and transit, the neutralization of the Canal and prohibition of exercise of the right of blockade."

It was decided that it would not be possible to refuse to agree to a declaration on the lines of the Italian proposal. It was, however, considered that the Italian formula is unsuitable and that Lord Perth might be instructed to submit in the first instance the following alternative formula:-

Text A.

A "In view of the fact that the Suez Canal is an essential means of communication for both Governments, the Government of the United Kingdom and the Italian Government hereby re-affirm their intention always to respect and abide by the provisions of the Convention signed at Constantinople on the 20th October, 1888, which guarantees at all times and for all Powers the free use of that Canal".

The above formula is merely a re-affirmation of the Suez Canal Convention of 1888 guaranteeing free use of the Suez Canal. If the Italian Government refuse to accept the above text and desire that some mention should be made of certain of the stipulations in the Suez Canal Convention to which they attach most importance, Lord Perth might then submit the following Text B, the first

paragraph...

paragraph of which is the same as Text A:-

B "In view of the fact that the Suez Canal is an essential means of communication for both Governments, the Government of the United Kingdom and the Italian Government hereby re-affirm their intention always to respect and abide by the provisions of the Convention signed at Constantinople on the 20th October, 1888, which guarantees at all times and for all Powers the free use of that Canal."

including the provisions of this Convention with regard to freedom of use of the Canal in time of war as in time of peace and the prohibition of blockade (Article 1) and with regard to the prohibition of the exercise of rights of war and acts of hostility in the Canal and its ports of access (Article 4)."

If Count Ciano should press for enumeration of further specific points from the Suez Canal Convention, Lord Perth might reply that it is undesirable to go further in the direction of enumerating special provisions of the Convention which must be interpreted and applied as a whole. Moreover, to attempt to enumerate further provisions of the Convention without using the exact words of the Convention may lead to interpretations of the Convention which would be binding on the British and Italian Governments, but not on the other signatories.

If the Italian Minister for Foreign Affairs should suggest that the declaration should state that the British and Italian Governments will respect and abide by all the provisions of the Convention, Lord Perth can point out that this would not be correct as Article 8 of the Convention which charges the agents in Egypt of the signatory Powers with the duty of watching over its execution, has been abrogated.

If...

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If the Italian Government desire that special mention should be made to the effect that the Suez Canal is an essential means of communication between Italy and Italian territories overseas (we cannot accept the description "metropolitan and Imperial territories"), Lord Perth might submit an alternative to the beginning of the formula in which case Text A and the first portion of Text B would read as follows:-

"In view of the fact that the Suez Canal is an essential means of communication between the United Kingdom and British territories overseas and between Italy and Italian territories overseas, the Government of the United Kingdom and the Italian Government hereby re-affirm their intention always to respect and abide by the provisions of the Convention signed at Constantinople on October 20th, 1888, which guarantees at all times and for all Powers the free use of that Canal".

I submit herewith two draft telegrams to Lord Perth embodying the texts prepared in collaboration with the Admiralty representatives, together with an explanation of our views.

Admiralty Dept.

V. Cunningham
24.3.38.

This is admirably clear

W. S. Dugan
24/3.

See Send Off Tels.

Do 24/3.

RB 25/3

R. Nich 25

AC.
March 24. 1938

17. 24/3

28/3

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(J.1058/38/18).

OUT FILE

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Cypher telegram to The Earl of Perth, (Rome).

Foreign Office. 24th March, 1958. 9.35.p.m.

No. 185.

-----oOo-----

Your telegram No. 185 [of 19th March: Italian proposal for Suez Canal declaration].

We accept declaration in principle, but should prefer simply to re-affirm whole Suez Canal Convention without particular mention of any provisions. Text A in my immediately following telegram contains such re-affirmation, adding merely some words which are taken from the Preamble of the Convention.

2. If Italian Minister for Foreign Affairs is insistent that it is desirable expressly to mention certain provisions, we are prepared to add text B. Text B covers the precise points mentioned in the formula in your telegram under reference, but uses language taken verbatim from the relevant articles which are mentioned so as to make it clear that we are not trying to add to or detract from the text of the Convention itself. We are particularly anxious not to insert in the declaration anything which might purport to interpret the Convention. We should be unwilling to agree to a further enumeration of specific points and should Minister for Foreign Affairs press for this, you should reply that we are willing, if necessary, to annex the whole Convention to the declaration or to stand on text A, but that it is undesirable to attempt to go further in direction of enumerating particular provisions of an instrument which must be interpreted and applied as a whole.

3. Should Count Ciano ask for insertion in text A of the word "all" before the words "provisions of the Convention", you should.....

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2.

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should point out that this would not be correct, seeing that Article 8 has already been abrogated.

4. An alternative to first clause of text A is contained in text C in my immediately following telegram to which we have no objection. Minister for Foreign Affairs should prefer it to text A. We cannot agree to the words "their metropolitan and Imperial territories" because (1) on the British side the United Kingdom does not stand as a metropolitan territory in relation to Australia and New Zealand, which, moreover, cannot be described as Imperial territories, and (2) it is inconvenient to refer to the Italian Empire in an agreement to be signed before formal recognition of the King of Italy as Emperor of Ethiopia.

5. We assume that the declaration with regard to the Suez Canal will be annexed to the Procès Verbal as a separate instrument.

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(J.1058/38/16).

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Cypher telegram to The Earl of Perth. (Rome).

Foreign Office. 24th March, 1938. 10.0.p.m.

No. 136.

-----000-----

My immediately preceding telegram.

Following are texts referred to:-

Text A.

"In view of the fact that the Suez Canal is an essential means of communication for both Governments, the Government of the United Kingdom and the Italian Government hereby re-affirm their intention always to respect and abide by the provisions of the Convention signed at Constantinople on the 20th October, 1888, which guarantees at all times and for all Powers the free use of that Canal".

Text B. (Being possible addition at end of Text A).

".....including the provisions of this Convention with regard to freedom of use of the Canal in time of war as in time of peace and the prohibition of blockade (Article 1) and with regard to the prohibition of the exercise of rights of war and acts of hostility in the Canal and its ports of access (Article 4)".

Text C. (Being alternative to first clause of Text A).

"In view of the fact that the Suez Canal is an essential means of communication between the United Kingdom and British territories overseas and between Italy and Italian territories overseas,"

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J		J 1157 25 MAR 1938
Registry Number } 1157/38/16 FROM Admiralty No. M/P.D. 06729/38. Dated 24th Mar. 1938. Received in Registry 25th Mar. 1938. J: Egypt and Sudan.	Question of representation of Italy on the Board of the Suez Canal Company. On general principles, would prefer that there should be no Italian representative on the Board of the Suez Canal Company. Realise, however, that the question might assume importance out of all proportion to its merits. Should any Italian request be made, would not wish to press their view that it would be preferable to refuse, but suggest that the senior British Government Director should be consulted before a final decision is taken. Assume that in no circumstances would it be proposed to abandon a British Directorship in favour of an Italian. (Copies to War Office, Air Ministry, Board of Trade and Treasury).	
Last Paper.	(Minutes.)	
References.	Now please see final record of the meeting on 17th March in J. 1047/38/16. The Admiralty views which are set out in the letter within are briefly that while on general principles they would naturally prefer no Italian representative on the Board of the Company, they realise that an Italian application for ^{a directorship} membership might be pressed with some force and that should any Italian request be put forward they would not desire to oppose Italian membership ^{on the Board} too strongly. Before a final decision is taken, however, they would like Sir I. Malcolm to be consulted as to whether the presence of an Italian director on the Board would, in fact, enable the Italian Government to obtain secret information at present denied to them.	
(Print.) (How disposed of.) Sir I. Malcolm, Paris. 16 28 Lord Perth (Come) from Mr Campbell. 28 Mr. Tansley B. G. I. Admiralty. W. O. 19. 2. 38 399 Mch. 29	As regards the views of the Treasury and Board of Trade I think it may be concluded from the inter-departmental meeting of the 17th March that these departments would prefer not to see the election of an Italian director, but nevertheless feel that it would be very difficult to find reasons for refusing to support....	
(Action completed.) 11.5.38	(Index.) 123 14	
Next Paper.	15741 9/37 F.O.P. support....	

support an Italian request.

As regards the Foreign Office attitude, reference is invited to the minutes on J. 784/38/16. Sir R. Vansittart expressed the hope that we would not go so far as to instruct the three British Government directors to vote in favour of an Italian candidate; Mr. Campbell suggested that any instructions to the Government directors should no go further than that they should not oppose an Italian candidate.

It will be noted that the meeting agreed that before replying to any Italian request, His Majesty's Government would have to consult both the French and Egyptian Governments. I venture to suggest that we should certainly not embark upon such consultations before the Italians in fact put up a request for an Italian director. From paragraph 11 of Rome telegram No. 178 it seems likely that they will not now do so, but they might be moved to do so if they got wind, which would almost certainly be the case, of our consultations with the French and Egyptians.

In the circumstances I think we should (a) write to Sir I. Malcolm as suggested by the Admiralty; (b) ~~Form Lord Perth~~ ^{might} that while we ~~are not prepared~~ be willing to support a ~~firmly pressed~~ request for an Italian director, we should certainly have to consult both the French and Egyptian Governments before taking a decision and that we do not propose to initiate such consultations prior to receiving a definite Italian request on the subject, (c) inform the Treasury, Board of Trade, Admiralty, War Office and Air Ministry of the action we are taking. [The copy to Lord Perth should if possible be sent by Monday's day - March 26th]

Mr. Beckett.

Southern department.

Done
28/3

25th March 1938.

W. C. Cunningham
26/3

Drafts

Hand copy of minutes of interdepartmental meeting and of Admiralty letter and of letter to Sir Ian Malcolm to Lord Perth, informing him

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Replied to

Drafts to Sir I. Malcolm and 118
Lord Perth herewith.

I. Wilson Young
28/3

Despatch 2/6

Re 26/3

See within Lord Perth's letter to Mr
Campbell (265/1/28) of 31st March.

after
meeting
for under
Malcolm
arriving

81192. |

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(Any further communication should be addressed to:—
The Secretary of the Admiralty,
London, S.W.1.

quoting "M/P.D. 06729/38."

J 1157



SECRET.

Sir, 25 MAR 1938

Admiralty, S.W.1.

24th March, 1938.

I am commanded by My Lords Commissioners of the Admiralty to refer to a semi-official meeting held at the Foreign Office on the 17th March on the subject of the possible admission of an Italian subject to the Board of the Suez Canal Company. They understand that the Secretary of State would be grateful for an expression of their views on this question.

2. The present position is understood to be that, whereas no approach has so far been made by the Italian Government, the President of the Canal Company realises that the nationals of other countries (in particular Germany and Italy) not represented at present on the Board may eventually have to be elected, and has indicated that he would prefer an Italian to a German.

3. On general principles, and apart altogether from the possible effect on the Anglo-Italian conversations now in progress, Their Lordships would naturally prefer that there should be no Italian representative on the Board of the Company. They would point out that such an Italian representative might be in a good position to obtain secret information, e.g., concerning the Suez Canal Defence Plan; and that also he would probably be able to prevent any steps for the reduction of the number of Italian pilots now employed by the Company, and generally, make himself a nuisance and become a centre for intrigue, if it suited the Italian book for him to do so.

4.....

The Under Secretary of State,
Foreign Office,
S.W.1.

DM

1192.1

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4. On the other hand they realise that, now that the Italians have established themselves in Abyssinia, the Canal has become an important strategic line of communication from the Italian point of view, and it might, therefore, prove that an application for an Italian member on the Board would be pressed with some force, or even be regarded as a question of prestige, thus assuming a psychological importance out of all proportion to its merits: Telegram No.178 from the British Ambassador at Rome, dated the 19th March, states, however, that all the Italian Government wishes to secure is a re-affirmation of the Treaty by which liberty of transit, etc. through the Canal is guaranteed to all nations, and it is probable, therefore, that that Government will not raise the question during the conversations. At the same time, the contingency is one which it might be well to be prepared for in advance.

5. Should any such Italian request be made, My Lords would not desire to press too strongly the point of view expressed in paragraph 3 above. Before a final decision is taken, however, they would suggest that the senior British Government Director should be consulted with a view to ascertaining whether in his view the presence of an Italian on the Board would in fact enable the Italians to obtain secret information at present denied to them. On the face of it, it would seem that an Italian Director, although in a good strategic position for this purpose, would not be able to obtain any information which could not be obtained already by a more devious route, e.g. through the Egyptian Directors. Sir Ian Malcolm presumably already has instructions to report if any question is raised of further foreign representation on the Board.

6. My Lords assume that in no circumstances would it be proposed to abandon any of the existing British Directorships in favour of an Italian.

7.

Para 11
not
amended.

8192.1

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7. A copy of this letter is being sent to the War Office, Air Ministry, Board of Trade and Treasury.

I am, Sir,

Your obedient servant,

J. Phillips

81192.1

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FOREIGN OFFICE, S.W.1.

28th March, 1938.

(J 1157/38/16)

Dear Perth:

In my letter No. J 867/38/16 of the 7th March I informed Maurice Ingram that we were consulting the Treasury and Board of Trade as to our attitude in the event of an Italian request that we should facilitate their representation on the Board of the Suez Canal Company.

An interdepartmental meeting was duly held at the Foreign Office on the 17th March (I send you a copy of the minutes herewith), which was attended by representatives from the Admiralty as well as the Treasury and Board of Trade. The position is that while we might be willing to support a request for an Italian director, we should certainly have to consult both the French and Egyptian Governments before taking a decision and we do not propose to initiate such consultations

The Right Honourable
The Earl of Perth, G.C.M.G., C.B.,
British Embassy,
Rome.

I am,

Sir,

Your obedient servant,

Ian Malcolm, K.C.M.G.,
10, Avenue d'Iéna,
Paris, XVI.

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consultations prior to receiving a definite Italian request on the subject.

You will also see from the record of the interdepartmental meeting that the Admiralty representatives undertook to inform the Foreign Office officially of the degree of importance which the Admiralty attached from the defence point of view to opposing Italian representation and how far they were prepared to see the defence point of view over-ridden by political considerations. A copy of the Admiralty letter is enclosed, together with a copy of the despatch which is being sent to Ian Malcolm in accordance with the suggestion in paragraph 5 of the Admiralty letter that he should be asked whether the presence of an Italian director on the Board would enable the Italian Government to obtain information at present denied to them.

Yours sincerely

I am,

Sir,

Your obedient servant,

Ian Malcolm, K.C.M.G.,
10, Avenue d'Iéna,
Paris, XVI.

~~11168~~
1192.

15741 9/37 F.G.M.

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No. 16
(J 1187/88/18)

FOREIGN OFFICE, S.V. 1-24
28th March, 1950.

SECRET

Sir,

I am directed by Viscount Halifax to inform you that consideration is being given to the question of the attitude which His Majesty's Government should adopt in case the Italian Government should take the opportunity of the Anglo-Italian conversations to express the desire that an Italian national should be elected to the Board of the Suez Canal Company.

2. In the consideration of this subject the question arose whether an Italian representative on the Board of the Company would be able to obtain secret information (e.g. regarding the defence measures concerted between the Company and the British authorities), though it might be that an Italian director, while in a good strategic position for this purpose, would not be able to obtain any information not already obtainable by a more devious route, e.g. through the Egyptian directors.

3. Lord Halifax would be glad if you would inform him whether, in your view, the presence of an Italian director on the Board would in fact enable the Italian Government to obtain secret information at present denied to them.

I am,

Sir,

Your obedient servant,

Sir Ian Malcolm, K.C.M.G.,
10, Avenue d'Iéna,
Paris, XVI.

15741 9/3/50

1192.

2 Put with
J 1157 WY
54

INDEXED

BRITISH EMBASSY,
ROME.

125

265/11/38

31st March, 1938.

SECRET.

Seen P.C.

Dear Campbell,

Many thanks for your letter Secret (J 1157/38/16) of March 28th, informing me of the position as regards a possible Italian request that we should facilitate their representation on the Board of the Suez Canal.

It now seems unlikely that the Italians will raise the point in the present conversations, but as they may do so later I feel that the study that has been made is likely to be extremely useful.

I gather from the views of the various Departments that for the time being His Majesty's Government would prefer to let the sleeping dog lie and not to wake it by the offer of a tempting morsel even if such action were likely to make it wag its tail with pleasure, and possibly make it more amenable in other respects.

Lord Parker appears to see no danger in suspending sleep in suspending them with the many tempting morsels!
W.3
Secretary Dept.

Yours and,
P.C.

R.I. Campbell Esq., C.B., C.M.G.,
FOREIGN OFFICE.

His Majesty's Government to support an Italian candidate they are hardly likely to pay a high price for such support. In any case as was pointed out at the meeting, acceptance of an Italian request would form part of a far wider Anglo-Italian agreement covering a whole series of separate and distinct subjects and there would be no question of obtaining a specific Italian counter concession in return for a British concession.

Draft...

d.)	(Index.)
3.38	6/19
Text Paper.	
J 1158 J 1192.	

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J		J 1158 126 25 MAR 1938
J 1158		J 1158 126 25 MAR 1938
Registry Number } 1158/38/16 FROM Mr. W. Carter (Board of Trade) to Mr. No. Campbell Dated 24th Mar. 1938. Received in Registry 25th Mar. 1938. : Egypt and Sudan.	Question of representation of Italy on the Board of the Suez Canal Company. Refers to Mr. Campbell's letter of 19th March (J 1047/38/16). Encloses a note of his observations on the draft record of the meeting held on 17th March 1938 to discuss the question of Italian representation on the Board of the Suez Canal Company. Points out that the record contains no reference to remarks made to the effect that any Italian request should be conceded only in return for some substantial concession.	
Last Paper. J 1158	(Minutes.)	
References.	<p>Mr. Carter's observations on the draft record of the meeting on the 17th March have been incorporated in the final record in J 1047.</p> <p>As regards paragraph 2 of Mr. Carter's letter, I do not think we should insert any reference to the possibility of our obtaining a substantial concession from the Italians in return for supporting an Italian candidate. The Italians are bound to know that the Marquis de Vogué and possibly certain of his French colleagues are not opposed to an Italian director and should they decide to request His Majesty's Government to support an Italian candidate they are hardly likely to pay a high price for such support. In any case as was pointed out at the meeting, acceptance of an Italian request would form part of a far wider Anglo-Italian agreement covering a whole series of separate and distinct subjects and there would be no question of obtaining a specific Italian counter concession in return for a British concession.</p> <p style="text-align: right;">Draft...</p>	
(How disposed of) By Mr. Carter (B. of T.) from Mr. Bentinck Mch. 28.	(Print.)	
(Action completed.) SP. 30.3.38	(Index.) 6/19	
Next Paper. J 1158 J 1192.	15741 9/37 K.O.P.	

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Draft reply to Mr. Carter herewith.

L. Wilson

25th March 1938.

✓
26/3

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Telegrams—"SHIPMINDER, PARL, LONDON."
Telephone—WHITEHALL 8140.



MERCANTILE MARINE DEPARTMENT,
BOARD OF TRADE,
GREAT GEORGE STREET,
LONDON, S.W.1.

127

24th March, 1938.

J 1158

My dear Campbell, 25 MAR 1938

I duly received your letter (J 1047/38/16) of the 19th March, enclosing a draft record of the meeting on the 17th March about possible Italian representation on the Board of the Suez Canal Company. I now enclose a note of my observations on the draft.

The record does not refer to the point which was made at the meeting that if, notwithstanding the Departmental apprehensions about the admission of an Italian director, it should be decided to entertain the Italian request, it should be conceded only in return for some substantial concession on their part. The point is one of some difficulty as if the Italians have reason to know that the Board of Directors of the Company are not opposed to an Italian director, they may not be willing to give away very much to us in return for our support, but may nevertheless regard it as a cause of serious offence if we decline to accord our support.

Ronald Campbell, Esq., C.B., C.M.G.

/The

not yet been consulted, and the matter would have to be submitted to him in due course.

Sixth page, 11th line. Add:-

MR. CARTER raised the question whether the British unofficial directors should be consulted, or at least informed, if it was proposed to agree to the Italian request for the appointment of an Italian director.

/R3360/23/22/

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The point was first raised by Waley, I think, and though I made some remarks about it I am quite prepared to leave it to you to decide, in the light of his comments on the draft record, whether a reference to it is inserted or not.

Yours ever,

(for W. Carter)
[Signature]

P.S. As the record of persons attending the meeting shows their honours, etc., the letters "C.B.E." might be affixed to my name.

OBSERVATIONS ON DRAFT RECORD OF MEETING.

Third page, 5th to 13th lines. Revised paragraph to read as follows:-

MR. CARTER pointed out that French, Egyptian and British representation on the Board could be justified on special grounds not relating to the utilisation of the Canal by the ships of those countries. Such grounds were that the Canal had been constructed by the French, that it was situated in Egypt and was defended by the Egyptian and the United Kingdom Governments, and that the United Kingdom Government held a large proportion of the shares in the Company. In view, however, of the fact that Holland was now, and Germany was before the war, represented on the Board, it seemed difficult to take the line that countries with important shipping interests ^{might} ~~should~~ not be represented. While the Mercantile Marine Department knew of no shipping reasons against the appointment of an Italian director, it would not be in favour of any reduction in the number of British directors.

Third page, last line. Insert following after table:-

MR. CARTER pointed out that if an Italian director was admitted, an application for the admission of a German director might properly be expected.

Fifth page, 6th line. Add after "MR. CARTER agreed" the following:-

He explained that the President of the Board of Trade had not yet been consulted, and the matter would have to be submitted to him in due course.

Sixth page, 11th line. Add:-

MR. CARTER raised the question whether the British unofficial directors should be consulted, or at least informed, if it was proposed to agree to the Italian request for the appointment of an Italian director.

(R3360/23/22)

COPY

129

FOREIGN OFFICE, S.W.1.

26th March, 1938.

(J 1158/36/16)

Dear Carter,

Campbell is away on sick leave and I am replying to your letter to him of the 24th March, enclosing your observations on the draft record of the meeting on the 17th March, about possible Italian representation on the Board of the Suez Canal Company.

Valley, in his comments on the draft record, has not referred to the point which you raise in paragraph 2 of your letter and in the circumstances we are inclined to omit any reference to it. As was explained at the meeting I think there is really no question of our obtaining any specific Italian concessions to set off against particular concessions by His Majesty's Government.

I am so sorry that your C.B.E. should have been omitted from the list of those attending the meeting

V. Carter, Esq., C.B.E.,
 Board of Trade.

<p>(Index.) 38 9/1227 R3360/23/22</p>	<p>Smithson "T. 29/3" 1938 Mr. B. 29/3 28/3 Sir M. Lamson is about to be informed by telegraph of the position in this respect. R. J. Campbell 29/3 L. J. Somers</p>
--	--

29/1

meeting, but we were not able to refer to anything later than the 1937 edition of the Imperial Calendar.

Yours sincerely,

(C) 1937-1938

Southern Dept. 29/3
 Mr. Buckle a. a. a.
 28/3
 R. J. Campbell
 29/3
 Sir M. Lamson is about to be informed by telegraph of the position in this respect.
 29/3
 R. J. Campbell
 29/3
 R. J. Campbell

(Index.)
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 9/227
 (R3360/23/22)

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J		J 1192 130 MAR 1938	
E131 77 and 8-174			
Registry Number } J 1192/38/16 TELEGRAM FROM Lord Perth, Rome. No. 221 Decypher. Dated 26th Mar. 1938. Received in Registry 28th Mar. 1938. J: Egypt and Sudan.	Italian attitude as regards the Suez Canal. Refers to Rome telegram No. 219 of the 26th March (J 1189/37/1) and Foreign Office telegrams Nos. 135 and 136 of 24th March (J 1058/38/16). Explained to Italian Minister for Foreign Affairs reasons for which His Majesty's Government were unable to accept text which he had suggested, and gave him alternative texts A and C. Minister for Foreign Affairs promised to study them. He explained that the words "Metropolitan and Imperial territories" had been used because there is no Italian expression to cover the words "Territories over seas".		
Last Paper.	(Minutes.)		
9/1158 References.	Lord Perth has reported in a subsequent telegram (no. 233 of the 27 th March) that Count Ciano had said he did not see any likelihood that he would report to the Committee in the telegram within.		
(Print.)			
(How disposed of.)	7.14. Remedy. Wire extract from Rome tel. No. 233 (R 3360/23/22) Mch. 31.		
(Action completed.)	(Index.)	28/3 R. J. Campbell 29/3 20.4.38 9/1227 (R 3360/23/22)	
Next Paper.	9/1227 (R 3360/23/22)		

Lord Perth has reported in a subsequent telegram (no. 233 of the 27th March) that Count Ciano had said he did not see any likelihood that he would report to the Committee in the telegram within.

Copy to Admiralty.
 with relevant section of Rome tel. 233 (copy annexed).
 Wilson. Loring
 28/3
 R. J. Campbell
 29/3
 20.4.38

Sir M. Lumsden is about to be informed by telegraph of the position in this respect.

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J 1192
28 MAR 1938

131

FROM ITALY.

Decypher. The Earl of Perth (Rome).
28th March, 1938.

D. 10.45 a.m. 27th March, 1938.

R. 11.45 a.m. 27th March, 1938.

No. 221.

XXXXXXXXXXXXXX

*

My telegram No. 219 and your telegram No. 135.

Suez Canal.

I explained to Italian Minister for Foreign Affairs reasons for which we were unable to accept text which he had suggested and gave him the alternative texts A and C contained in your telegram No. 136 but making no mention of text B. Minister for Foreign Affairs promised to study them. He explained that there was a certain difficulty because there was no Italian expression to cover the words "Territories over seas". It was for that reason that they had used the words "Metropolitan and Imperial territories".

* Wrong my. I think.

CM

MAR 28 1938
F.O. REGISTRY.

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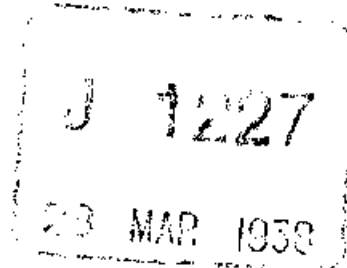
British Embassy,

133

ROME.

23rd March, 1938.

No. 295.
(69/12/38)



My Lord,

I have the honour to report that the "Giornale d'Italia" of March 22nd printed a message from Alexandria deploring the publication by the Egyptian newspaper "Balagh" of an alarmist article by the Egyptian journalist El Akkad which alleged an Italian threat to Egypt and said that German support for an Italian occupation of Egyptian territory was the price Italy had received for her acquiescence in the Anschluss.

2. The "Giornale d'Italia" appends to this message a note of protest which says that El Akkad does a bad service to his country by arousing unjustified fears. Italy's policy in regard to Egypt was crystal clear: "absolute respect for the Egyptian nation, for the political independence and territorial integrity of its State". It was not so long since propaganda agents and war material had issued from Egyptian territory against Italian possessions and Italian interests. The reverse had never happened. The declarations made by Signor Mussolini to the Egyptian journalists on the occasion of his visit to Libya last year remained "the irremovable basis of Italian policy towards Egypt". It was a pity that the Egyptian newspaper and the Egyptian writer had allowed themselves to be carried away by their fancies, which constituted an offence to the correctness and cordiality

of.....

The Right Honourable
The Viscount Halifax, K.G., G.C.S.I., G.C.I.E.,
etc., etc., etc.

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-2-

of Italian policy and were damaging to Egyptian interests.

3. The tone of this note gives a measure of the change in the attitude of the Italian press to Great Britain. Five or six weeks ago the comment on the message from Egypt would certainly have contained the angry accusation that, for her own dark purposes, Albion was installing unworthy suspicions into the people of a land bound to Italy by an unbroken tradition of friendship.

4. I have sent a copy of this despatch to His Majesty's Representative in Cairo.

I have the honour to be, with great truth and respect,

My Lord,

Your Lordship's most obedient, humble Servant,

Pax

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(J 1267/58/16)

To EGYPT.

Cypher telegram to Sir M. Lampson (Cairo),

Foreign Office, 1st April, 1938. 10.30 p.m.

No. 177.

IMMEDIATE.

My telegram No. 157 [of March 23rd: Anglo-Italian conversations. Suez Canal].

Confidential.

You should inform Egyptian Prime Minister in strictest confidence that Italian Government have expressed desire that His Majesty's Government in the United Kingdom and they should sign an undertaking that it is the intention of both Governments to respect and abide by the provisions of the Suez Canal Convention of 1888 and that this declaration shall also mention that the Suez Canal is an essential means of communication for both Governments with their overseas territories.

In order to meet the wishes of the Italian Government the following draft text has been prepared:-

"In view of the fact that the Suez Canal is an essential means of communication between the United Kingdom and British territories overseas and between Italy and Italian territories overseas, the Government of the United Kingdom and the Italian Government hereby reaffirm their intention always to respect and abide by the provisions of the Convention signed at Constantinople on the 20th October, 1888, which guarantees at all times and for all Powers the free use of that Canal".

This declaration does not entail any new obligation and is presumably largely intended to enable the Italian Government to

show

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2.

show that the Suez Canal forms an item in the contemplated Anglo-Italian agreement. Therefore I imagine Egyptian Prime Minister will have no objection to the text and I wish to be assured of this.

The Egyptian Chargé d'Affaires has expressed the view that Egyptian Government will wish to be a party to this undertaking as the Canal forms part of Egyptian territory. He expressed the fear that ill-informed public opinion in Egypt might allege that His Majesty's Government and the Italian Government were concluding an agreement regarding an integral part of Egypt in which the Egyptian Government had not been invited to participate. If Egyptian Prime Minister also takes this point, you may inform him that I would propose the addition to the above text of the sentence "The Egyptian Government associates itself with this declaration" and that this text should be signed by Egyptian Minister at Rome as well as Lord Perth.

For your confidential information above text has already been proposed to and agreed by Italians and no suggestion of Egyptian participation was made. Since however Egyptian participation only strengthens value of declaration from Italian point of view I do not see why Italians should object to it. On the other hand it will be very awkward if Egyptian Government were to desire to amend the formula.

Repeated to Rome No. 169.

112

(J 1267/58/16)

To ITALY.

Cypher telegram to The Earl of Perth (Rome),

Foreign Office, 1st April, 1958. 10.30 p.m.

No. 170.

My telegram No. 177 to Cairo [of April 1st. Anglo-Italian conversations: Suez Canal].

I think it likely that Egyptian Prime Minister will spontaneously raise and press same point as Hakki Bey whose fears as to opinion in Egypt have substance. An agitation in Egypt on this point would be damaging to the alliance and I therefore feel that it will be necessary to meet Egyptian Prime Minister if he presses for Egyptian association in declaration. I do not consider that Italians have any reasonable ground for objecting to this.

I realise that this will mean that the Suez Canal Declaration will not form one of annexes to the Protocol but will have to be signed separately and at same time as bon voisinage declaration. Further telegram follows as to procedure for this.

Repeated to Cairo No. 178.

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J

J 1303
143
2 APR 1938

Registry
Number J 1303/38/16.
FROM Sir I. Malcolm,
Paris.
No 10. Commercial
Secret.
Dated 30th Mar. 1938.
Received in Registry 2nd Apr. 1938.
J: Egypt and Sudan.

Question of representation of Italy on the Board of the Suez Canal Company.
Refers to Foreign Office despatch No. 16 of 28th March 1938 (J 1157/38/16). The President of the Suez Canal Company would not be averse from considering the nomination of an Italian representative on the Board of the Company. Considers that the question of the Italian Government obtaining secret information through an Italian director depends largely on the qualities of the Italian director appointed. Proposes to consult certain of his colleagues on this point.

Last Paper.

(Minutes.)

References.

? Copy to Admiralty ref. J. 1157.
for info. - R. Commander *[Signature]*
Munich Dept. a.a.

(Print.)

Yes: & tell Sir I. Malcolm
urgently.
for goodness sake to hold his
hand about consulting his
colleagues. he must wait
the question of the Defence Plan
to be bandied about with the
don't know whom.

(How disposed of.)
F. 15. Admiralty.
✓ Ape. 6.
Copies sent to
Insy. & B. G. I.
on J 1406.

R. J. C.
April 4.

(Action completed.)

(Index.)

13.5.38

Next Paper.

J 1308

By the time this paper reached me yesterday the Board Meeting of the Suez Canal had already taken place with the result that if Sir Ian Malcolm was going to take the action suggested in the last paragraph of his despatch he would have done so before

15741 9/37 F.O.P.

we/

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we could have stopped him. Sir Ian Malcolm is leaving Paris today and arriving in London this evening. I understand that he will be calling here tomorrow when we can explain to him orally that we do not desire the question of the Defence Plan to be bandied about with the Lord knows whom.

V. Cavendish *Bentinck*

5th April 1938

Most unfortunate.

R.I.C.

5/4

The Italians haven't asked for a seat and in the circumstances Mr. Seal does not think an Admiralty reply is necessary. For the present the question is dead.

? X

(Signed) I. Wilson-Young.
16/5

Yes. (Intld.) V.C.B.
16/5

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From Sir Ian Malcolm

10, AVENUE D'ÉNA, PARIS. (XVI^e Arr.)

TEL.: PARIS 98-88

174
J 1303
2 APR 1938

March 30, 1938.

SECRET:

SUEZ CANAL,
Commercial No. 10.

Sir,

On my return to Paris from my Egyptian tour this morning, I found at my office your despatch No. 16, of March 28, marked "SECRET".

I may observe that I have heard quite unofficially that our President would not be averse from considering the name of an Italian representative on the Board of the Company.

The answer to paragraph 2 of your despatch must, I think, depend largely upon the qualities of the Italian Director who might be appointed; for example, endowed with the special qualities of Admiral Hall (who was D.N.I. in the Great War) or of General Weygand, he would certainly be able to use his position as Director to obtain somehow the information to which you refer.

I have given you my present reaction to the problems contained in your letter; but I should be grateful if the Secretary of State would wait for my considered opinion until I have asked one or two of my colleagues whether they agree with me. It might not be a bad plan to consult General Weygand (who is a great personal friend of mine) on the matter.

I am,

Sir,

Your obedient Servant

The Under-Secretary of State
for Foreign Affairs,
Foreign Office.

Ian Malcolm

71567

13205 5/10 F.O.P.

* I don't think so
of course not R.C. 4/4

overseas;

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J

J 1308
145
4 APR 1938

Registry
Number J 1308/38/16.

TELEGRAM FROM
Sir M. Lampson, Cairo.

No. 198 Decypher
Immediate.
Dated 2nd Apr. 1938
Received
in Registry 4th Apr. 1938

J: Egypt and Sudan.

Italian attitude as regards the Suez Canal.
Refers to Foreign Office telegrams No. 177 and 178 of 1st April 1938 (J 1267/38/16).
Considers that draft text of proposed Anglo-Italian undertaking regarding the Suez Canal strikes at the whole juridical basis of His Majesty's Government's special position in Egypt. Is postponing action on Foreign Office instructions until His Majesty's Government have had time to consider modifying the proposed formula. Suggests that an alternative might be a simple re-affirmation by Italy and His Majesty's Government that both Governments remain bound by the provisions of the Canal Convention of 1888. (Repeated to Rome).

Last Paper.

(Minutes.)

J1303

References.

Owing to the speed with which the Anglo-Italian conversations are being conducted and the necessity for reaching an immediate agreement, it has not been possible to consult all those directly or indirectly concerned regarding the various texts which are to form part of the agreement. If the draft of the text of the re-affirmation by the Italians and ourselves of our determination to abide by the terms of the Suez Canal Convention of 1888 had been submitted to Sir Miles Lampson for his comments, this declaration should also have been submitted to Sir Ian Malcolm, the resident director on the Board of the Suez Canal Company. The possible dangers attendant in stating in the declaration that the Suez Canal is an essential means of communication between Italy and Italian territory overseas were realised and discussed at the meeting between Mr. Beckett and myself and representatives of the Admiralty at which the proposed Italian declaration was discussed and our alternative formula drafted.

The Suez Canal is clearly an essential means of communication between Italy and Italian territory

overseas;

(Print.)

(How disposed of.)

Tell Lanks no 182
2 Apr 5.
Repeated to Rome
no 184.
Dept's copy to
Rome & Lancy.
confirmatory copy
Apr 6.
copy sent to
Admiralty on 2.1.40.

(Action completed.)

(Index)

20.4.38

75
11

Next Paper.

J1365

* I don't think so R.C. 4/4
of course not

overseas; the Italian proposed formula had contained a statement to this effect. If we had refused to embody a similar statement in our draft text, the Italians would certainly have become suspicious which might have had a serious effect on the course of the present conversations.

The Suez Canal is also an essential means of communication between The Netherlands and her territories overseas which are ~~more~~ more important for her than Ethiopia for Italy, similarly the Suez Canal is an essential means of communication between France and certain of her possessions overseas, viz. French Indo-China and Madagascar. Consequently, the Dutch and the French would have just as good a claim as the Italians to protect the Canal.

Our draft text for the declaration by which the Italian Government and ourselves re-affirm our determination to respect and abide by the provisions of the Suez Canal Convention of 1888 has now been accepted by the Italian Government and it would be impossible to reopen discussion on the subject and to request that the Italians should agree to the omission in the statement that the Suez Canal is an essential means of communication between Italy and Italian territory overseas.

I submit enclosure on draft telegram replying to Sir M. Lampson which has been drafted by Mr. Buckett.

W. C. C. 4/4.

As I have already pointed out I am not really happy about this: and to my mind Sir M. Lampson's reaction is a natural (if rather exaggerated one) for the reason amongst others mentioned in the margin above.

Yes: but it is of course the implication of the use of the same expression as that used in the Aug. 8. 1937 to justify the presence of our troops on the Canal that are in question
R.C.
4/4

I doubt however that it is necessary to
reopen the question with the Italian Gov.⁴⁴⁶
(I suppose it would be highly inconvenient, rather
than impossible, to do so?) since Sir M.
Lampson's reductio ad absurdum can
be reduced still further ad absurdum
~~if the same~~ ^{[for} a similar claim could on similar
grounds be made by the Netherlands
and, France: & we could surely ^{use} ~~add~~ this
argument if necessary with the Italians,
as well as those set out in para 3. of
the attached dft. tel. ~~instit~~ W. Baskett
has marshalled strong arguments to
show that the Egyptian position is not
being given away. They should
convince the Prime Minister and
we can only hope that Egyptian
public opinion will also be
amenable to conviction.

? despatch draft tel.

R. J. Campbell
4th April.

I agree

At the same time I see no

reason

has been sent ~~etc~~
No. 5. Apr.

reason why, when the tel to Sir
 R. Lamson has gone off, we
 sh^d not telegraph to enquire
 of Lord Peth whether he thinks
 it possible, should the Egyptian
 Govt feel real qualms about
 the formula, to obtain from
 Count Ciano a written
 assurance that "the declaration,
 so far as the Italian Govt is
 concerned does not imply
 any claim on the part of that
 Govt to share in the defence of
 the Suez Canal which that
 Govt recognizes as being
 governed by Article 8 of the
 Anglo-Egyptian Treaty of
" — & words to that effect.

There is no reason why we
 sh^d not ask for a repetition in
 writing of a verbal assurance already
 given in Home Tel No 178 of 12 Jan
 18th

EMB Dupren

I agree

4/4

DB Sargent

AP 4

and I also.

Sir M. Lamson has a reluctance: but
 I hope the 2nd reply may ease his
 mind. J. M. E. & M.

Tel. to Lord Peth as proposed.

No. 5 Ap. X. S. of S. appears above action as X.

L.O.

dt

Off tel: to 2^d Perth submitted ¹⁴⁷

? despatch

M^r Beckett

R. J. Campbell

~~Mr. Beckett~~

5/4

Southern Dept.

I have misgivings as to these suggestions: they are explained in the attached addition which I signed here to make to the draft telegram.

please see over the page 2 of Off tel.

I submit that there is much force in Mr. Beckett's view & that it w^d be well to make the addition he suggests to the off tel. to Lord Perth.

J1365/38/16

If this is approved I would suggest at the same time that Sir M. Lampton sh^d be asked for his obs^s.

J1401/38/16

R. J. Campbell
 April 5.

Yes. Let us invite Sir M. Lampton's views whenever possible.

P. 2 of the Off. Tel herewith shows the qualities wh. Mr. Beckett has & wh. should I feel certain be mentioned to the two Ambro. ^{sent off April 6.}

J1365/38/16

J1401/38/16

Yk. Send off Off. Tel. & then invite Sir M. Lampton's views

do 5 Apr. A.B. April 5/35 H. 5/4

has been sent off
 do 5 Apr.

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J 1308
4 APR 1938

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FROM EGYPT

Decypher. Sir M. Lampson (Cairo).
2nd April, 1938.

D. 7.16 p.m. 2nd April, 1938.

R. 8.00 p.m. 2nd April, 1938.

No. 198.

IMMEDIATE.

Your telegrams Nos. 177 and 178.

I regret that I was not given the chance for comment before text was communicated to the Italian Government. Apart from strong instinctive and general misgiving as to where present wording may lead us not only in peace time but in case of war, my immediate reaction is that it strikes at the whole juridical basis of our special position in Egypt. Article 8 of our treaty states specifically that "in view of the fact" that the Canal is an essential means of communication between the different parts of the British Empire Egypt authorises our maintaining troops in the vicinity until such time as Egypt can herself ensure its entire security. We seem to be in the process of admitting that Italy has precisely similar grounds for claim to protect the Canal until Egypt can do so herself. With such a declaration safely in her pocket surely Italy could any day claim that she too has a recognised and special position (reduced ad absurdum she might even press for the same right as we to maintain troops in Canal zone), - and be in strong position to press Egyptian Government to admit that right and any necessary measures to ensure it. So far as I can judge only hope would be that Egypt should refuse to be a party to the declaration

APR 4 1938
F.O. REGISTRY

*has been sent to
No. 5 Mr.*

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2.

and thus be able to repudiate any commitment whatever towards Italy under it. But our position (as allies of Egypt) would then be most equivocal.

2. At the risk of being dubbed an obstructionist I feel bound to point out these dangers exactly as I see them, for the issues at stake seem to me of absolute national gravity.

3. As it might only complicate matters if I did so I am postponing action on your instructions until you have had time to decide whether the above considerations have sufficient weight to justify modification of proposed formula. If they have an alternative might be simple re-affirmation by both Italy and ourselves that we remain bound by provisions of the Canal convention of 1888 as was presumably the original intention.

Addressed to Foreign Office telegram No. 198 of April 2nd, repeated to Rome.

has been sent 24th
No. 5 AM.

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OUT FILE

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(J.1508/58/16).

To EGYPT.

Cypher telegram to Sir M. Lampson (Cairo).

Foreign Office, April 5th 1958. 5.30 p.m.

No. 182.

IMMEDIATE.

Your telegram No. 198 [of April 2nd. Anglo-Italian conversations, Suez Canal].

I also regret that owing to speed with which negotiations are being conducted and numbers of questions involved it was not possible to consult you earlier on this formula. The possible dangers of the kind indicated by you were fully considered and discussed here before formula was adopted.

2. It was realised that, although statement that Suez Canal is an essential means of communication between Italy and Italian territories overseas was only a statement of obvious fact, Italian Government would probably in future endeavour to rely upon our official admission of it as a ground for making further demands, but statement does not commit His Majesty's Government (or Egypt if she signs) to accept any further demands. Although I should have preferred not to include this statement, the Italians' request for it could hardly be refused, - when they had repudiated any request to share in the defence of the Canal, - and I feel sure that the information in the following paragraphs will go far to remove the fears which were present to your mind at the time of drafting your telegram.

3. The statement affords no basis on which Italy could claim right to share in the defence of the Canal. His Majesty's Government's

*has been sent 4th
No. 5. 1958.*

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2.

Government's position in that respect depends on (i) Article 152 of Treaty of Versailles by which Italy and other Powers agreed that His Majesty's Government succeeded to position of Ottoman Government. (ii) Articles 7, 8 and 16 of Anglo-Egyptian Treaty which constitute Egypt's recognition of the right of His Majesty's Government (a) to assist in the defence of the Canal always and (b) to maintain troops in Egypt ready on the spot until Egypt's army is sufficient.

4. In Article 8 the reasons given for (b) are not merely that the Canal is an essential communication for the British Empire but also that it is a universal means of communication - a clear reference by implication to position under Suez Canal Convention.

5. Italy could not obtain right to assist in defence of Canal except with the agreement of all Suez Canal Powers and Egypt, and fact that Canal is essential means of communication to Italy is not alone sufficient ground on which right could be asked for, since Holland and France have long had an equally strong claim on this ground.

6. His Majesty's Government do not wish Egypt to sign this declaration but think that, if she wishes to sign it, she must be permitted to do so, since Egypt is the Power primarily responsible for observance of Suez Canal Convention and the United Kingdom comes nominally second.

7. In any case as allies we must inform her of it and persuade her that it does not prejudice Egyptian interests before we sign it. We do not think that it does prejudice Egyptian interests.

8. I have now received your telegram No. 208 [of 4th April]: but in view of the above explanation would ask you to act on instructions in my telegram No. 177 without delay.
Repeated to Rome No. 184.

*has been sent to
No. 5 Mr.*

J

J 1365
154
4 APR 1938

Registry Number J 1365/38/16

TELEGRAM FROM
Lord Perth, Rome.

No. 306 Immediate.
Decypher.
Dated 4th Apr. 1938.
Received in Registry 4th Apr. 1938.

J: Egypt and Sudan.

Italian attitude as regards the Suez Canal.

Refers to Cairo telegram No. 198 of 2nd April, 1938, (J 1308/38/16).

Fears that any modification of text of undertaking regarding Suez Canal would arouse grave suspicion in mind of Italian Government as to future intentions of His Majesty's Government in regard to the Suez Canal. In communicating Italian formula, Italian Minister for Foreign Affairs stated that Italian Government had no idea of asking for any share in defence of Suez Canal.

(Repeated to Cairo).

Last Paper.

J 1308

References.

Rome tel. no. 178 of
18th March 1938.
R2982/23/22.

(Print.)

(How disposed of.)

tel Rome no. 199
Apr 6.
Repeated to Cairo
no. 189.
tel Rome no. 203 (Apr 6)
Dept's comps. to
Rome (change con-
firmatory copy)
Apr 7.
copy covers sent to
Admiralty on 9. 4. 38.

(Action completed.)

20.4.38

(Index.)

J 1308

Next Paper.

J 1368.

(Minutes.)

I understand that Sir
M. Lampson is being informed
that his points were borne
in mind when we agreed
to the final formula. Our
telegram to Cairo is being
repeated to Rome & will,
I suggest, afford sufficient answer
to the tel. within.

The Budget 6/4
Southern Dept. 7/4

I. Wilson 4/4

V. Cameron 4/4

a draft reply to Sir M. Lampson's
telc No. 198 has been submitted
after approval by the Secy R. J. Campbell
has been sent with
4/4 April 4.
4/4 5/4

155

ANGLO-ITALIAN CONVERSATIONS: SUEZ CANAL

Mr Beckett has suggested that a telegram in the sense of the attached draft should be sent to Lord Perth. He thinks, and I agree, that the proposed addition to the Suez Canal Declaration might be of considerable help in meeting possible objections from the Egyptian Government and ^{on the} ~~the~~ part of Egyptian opinion and that it might thus help to lessen the fears of Sir M. Lampson.

R. J. Campbell

6th April 1938

*See then Dept of State
on 14*

Sir d. Oliphant has asked for the views of the Dept & of Mr Beckett on the possibility of inserting in the declaration a further addition to the effect that the Suez Canal is an integral part of Egypt: this in view of Cairo tel No 216 [of April 5] which has been received since this draft was prepared.

*Copy attached
J1401.*

We see no objection & think it would be an improvement.

The two additions thus proposed could well be put up to the Italian Govt as ^{necessitated} ~~points raised~~ by the Egyptian opinion.

R. J. Campbell
April 6.

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From: ITALY

Decypher. Earl of Perth (Rome)
4th April 1938.
D. 5.15 p.m. 4th April 1938.
R. 5.45 p.m. 4th April 1938.

No. 506.

~~RECEIVED~~

Immediate

Sir M. Lampson's telegram No. 198.

I fear that as I have already handed the formula to Count Ciano and as he has accepted it any modification of its text would arouse grave suspicions in the mind of Italian Government as to future intentions of His Majesty's Government in regard to the Canal.

You will remember that in handing me Italian formula (see my telegram No. 178) ^X Minister for Foreign Affairs stated that the Italian Government had no idea of asking for any share in the defence of the Canal.

Addressed to Foreign Office No. 506 of April 4th. Repeated to Cairo.

~~Handwritten signature~~

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TO ITALY

Cypher telegram to The Earl of Perth (Rome).

Foreign Office. 6th April, 1958. 8.55 p.m.

No. 199.

IMPORTANT.

Your telegram No. 506 [of April 4th: Anglo-Italian conversations - Suez Canal declaration].

Do you consider that, in the event of the Egyptian Government expressing serious misgivings regarding proposed declaration, you could obtain from Count Ciano a written assurance in the sense that in so far as the Italian Government are concerned the declaration does not imply any claim on their part to share in the defence of the Suez Canal, a responsibility which they recognise as being governed by the Treaty of Versailles and Articles 7, 8 and 16 of the Anglo-Egyptian Treaty of August 26th, 1936.

I see no reason why we should not request and the Italian Government agree to give a repetition in writing of the verbal assurance already given by Count Ciano as reported in your telegram No. 178 of March 18th.

You should not raise this point with the Italians in any way at the present stage. In the first place I do not know at present what the Egyptian Government's reaction to proposed declaration may be and secondly I am not satisfied that such an assurance should be asked for.

The fact that it is asked for and given would suggest that the declaration, whose terms are harmless, in fact implies a great deal more than it says and that words regarding the importance of Canal to Italian communications are something more than a mere explanation of why Italy wants to be assured that the Canal convention will be observed.

Moreover.....

000/1

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2.

Moreover we could never be sure that the Italians although they disclaim any intention of pressing for a share in the defence of the Canal now would in return for a harmless declaration give an assurance which would imply that they never would press such a claim in the future.

Our request for such an assurance might lead to awkward discussions of vital matters or to further Italian demands with regard to the Suez Canal not relating directly to the right to defend it, as the result of which it might be difficult for us then to give the declaration which we now think harmless.

Repeated to Cairo No. 189.

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To ITALY.

Cypher telegram to The Earl of Perth (Rome),
Foreign Office, 6th April, 1958. 9.30 p.m.
No. 205.

IMMEDIATE.

My telegram No. 199 [of 6th April: Anglo-Italian conversations - Suez Canal] and Cairo telegram No. 216 [of April 5].

It might be better from the point of view of the Egyptian Government and public opinion as well as for the purpose of lessening possible Italian claims which can be based on it, if the beginning of the Suez Canal declaration ran as follows:

"In view of the fact that the Suez Canal, whilst an integral part of Egypt, is an essential means of communication between Italy and Italian territories overseas as well as between the United Kingdom and British territories overseas and between other European countries and their territories overseas....."

Since the reference to an essential means of communication in the formula as it stands is merely a statement of fact, it should not be difficult for the Italian Government to accept these amendments. From the point of view of Egypt the second addition would make it clear that the phrase "essential means of communication between Italy and Italian territories overseas" is not intended to, and in fact does not, accord Italy a special position in respect of the Canal as compared with other

signatories of the Canal Convention. With respect to His Majesty's Government it would tend to show that their special rights with regard to the defence of the Canal do not depend on the sole fact that the Canal is an essential means of communication between this country and its territories overseas.

Please telegraph urgently whether you consider that you could secure these additions. In my opinion they could well be put up to Count Ciano as called for by the need to meet Egyptian opinion. You should not, without further instructions, suggest them to Count Ciano.

Repeated to Cairo No. 194.

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J

J 1391
165
5 APR 1938

Registry Number } J 1391/38/16.

TELEGRAM FROM

Lord Perth (Rome).
No. 309 Decypher.

Date 5th April, 1938.

Received 5th April,
in Registry 1938.

J: Egypt and Sudan.

Italian attitude as regards the Suez Canal.

Refers to Sir M. Lampson's telegram No. 208 of 4th April, 1938 (J 1368/38/16). Suggests that the position will be altered if the present Anglo-Italian conversations dispel existing suspicions and establish a position in which it will be to Italy's interest to keep in with His Majesty's Government. Suggests that when next discussing item on agenda, he should inform Count Ciano that His Majesty's Government have noted his verbal assurances that Italian Government have no intention of asking for any share in the defence of the Suez Canal.

(Repeated to Cairo).

Last Paper.

J 1368

(Minutes.)

References.

(Print.)

(How disposed of.)

Copy sent to
Admty on J. 14+6.

(Action completed.)

SP.
1.4.38

(Index.)

(J 12-5)

Next Paper.

J 1394

This telegram has come in
Since the draft tel. to L^d Perth
was submitted.

As for the 2nd para:- I think this
is covered by the draft tel, either as
originally drafted or as added to by
Mr Beckett.

R. J. Campbell

April 5

NO.

I showed this to Sir A. Cadogan on
Sir L. Oliphant's instructions. Sir A. Cadogan
said the draft tel. to L^d Perth had been
sent to L^d + as it seemed to cover
para 2, this o^d go by R.C. 6/4.

13268 5/36 F.O.P.

J
From ITALY

J 1391 166
5 APR 1938

Decypher. The Earl of Perth (Rome)
April 5, 1938.
D. 1.35 p.m. April 5, 1938.
R. 5.00 p.m. April 5, 1938.

No. 309

0000000000
Sir M. Lampson's telegram 208.

I could appreciate Sir M. Lampson's objections if we anticipated that Italy would continue to show herself hostile to us in Egypt, Arabia, Palestine and elsewhere. But will not the position be altered if we succeed through the present conversations in dispelling existing suspicions and in establishing not only a relationship of mutual trust and confidence between the two Governments but also a position in which it will be to Italy's interest to keep in with us?

Would it help matters if when I next discuss item on agenda I inform Count Ciano that His Majesty's Government have noted his verbal assurances to me that Italian Government have no intention of asking for any share in defence of canal?

Addressed to Foreign Office telegram 309 of April 5.
Repeated to Cairo.

APR 1938
5 11 11
FED. REGISTRY.

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J

J 1394

167
6 APR 1938Registry
NumberJ 1394/38/16
TELEGRAM FROM
Lord Perth, Rome.

No. 317 Decypher.

Dated 5th
Received in Registry April, 1938
6th

J : Egypt and Sudan

Italian attitude as regards the Suez Canal.

Refers to Rome telegram No.309 of 5th April 1938 (J 1391/38/16).

Italian Minister for Foreign Affairs remarked on 5th April that the Suez Canal question was settled since he had accepted His Majesty's Government's formula. Lord Perth said that he had taken note of the assurance that the Italian Government had no intention of requesting participation in the defence of the Canal, and has informed His Majesty's Government of it. The Minister for Foreign Affairs replied that this was correct. (Repeated to Cairo).

Last Paper.

J 1391

(Minutes.)

Mr. Byatt has B²¹
Southern Dept. 22/4

I. Wilson. 4/4

6/4

References.

We are waiting to learn the reaction of the Egyptian Govt. when Sir M. Lampson gives them the text of this formula. -

r. Cameron 6/4

(Print.)

(How disposed of.)

Copy sent to
duty on 9. 14. 38.

See on J 1401.

P.C.

(Action
completed.)Dr.
23438

(Index.)

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Next Paper.

J 1401

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From ITALY

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Decypher. The Earl of Perth (Rome)
April 5, 1938.
D. 1.20 a.m. April 6, 1938.
R. 9.50 a.m. April 6, 1938.

No. 317

0000000000

J 1394

6 APR 1938

My telegram No. 509.

12. Suez Canal.

Italian Minister for Foreign Affairs remarked this evening that this was settled since he had accepted our formula.

I said that he would remember during our conversations he had assured me that Italian Government had no intention of requesting participation in the defence of the canal. I had taken note of that assurance and informed my Government of it. Minister for Foreign Affairs replied that this was correct and that Italian Government had no such intentions.

Addressed to Foreign Office No. 317 April 5 repeated to Cairo.

APR 1938
F.O. REGISTRY

J

J 1401
 169
 5 APR 1938

Registry Number J 1401/38/16

TELEGRAM FROM

Sir M. Lampson
 No. (Cairo)

216 Decypher

Dated Immediate.

Received 5th Apl. 1938
 in Registry 6th Apl. 1938

J: Egypt and Sudan

Italian attitude as regards the Suez Canal.

Refers to Rome telegram No. 309 of 5th April 1938 (J 1391/38/16).

Considers that His Majesty's Government ought not, in an important formal agreement, to be dependent on a vague assurance that can have no real value in the indefinite future. Formula might be used as basis for claims by Italy in other directions than protection of Canal. Egyptian Government must be consulted, and formula will probably be completely unacceptable to them. Omission of reference to Canal as being integral part of Egypt is certain to increase Egyptian apprehensions.

Last Paper.

J 1394

References.

Cairo tel. No. 106
 R 1708/23/22

(Print.)

(How disposed of.) No 208
 Tel. Rome No 204.

✓ Apl. 6.

Tel. Cairo No. 200

✓ Apl. 6.

Repeated to Rome

No. 205. Apl. 6.

J. Dept. 's' Comp.

to Rome Change.

(Confirmatory Copies)

Apr. 7.
 sent to Adm. on J. 1476

(Action completed.)

Dr.
 20.5.38

(Index.)

1123
 6/3

Next Paper.

J 1406

(Minutes.)

This telegram appears to have crossed on tel. no. 182 (J 1308) despatched yesterday afternoon.

It is to be assumed that Sir M. Lampson will by now have communicated the text of the formula to the Egyptian Govt.

The "other claims", to which para. 2 refers, presumably consist primarily of claims to representation on the Board of the Suez Canal Co. and on this point the deliberations of the recent interdepartmental meeting rather

rather indicated that we should not be prepared to meet such a claim if actually put forward by the Italians.

I am not quite so sure
R.C.
6/4

M. Bickel 25/4
Southern Dept.

I. Wilson. 4 May
6/4

? no action required until we hear from Sir M. Thompson how the Egyptian Govt. react when given the ~~the~~ text of the formula. - V. Cameron 6/4

Please see separate minute in the deduction in which insertion of a phrase about the Canal being an integral part of Egypt is suggested, as well as an addition to the effect that the Canal is also an essential means of communication between other European countries & their territories overseas

R. J. G. 6/4
April 6.

From EGYPT.

Decypher. Sir M. Lampson (Cairo).
5th April, 1938.

D. 12.06 p.m. 6th April, 1938.

R. 11.20 a.m. 6th April, 1938.

No. 216.

XXXXXXXXXXXX

IMMEDIATE.

Rome telegram No. 309.

I am most reluctant to become involved in controversy with Lord Perth whose anxiety (which must clearly be shared by His Majesty's Government) to avert any avoidable hitch in progress of Rome conversations I fully appreciate. I should not in fact feel justified in pressing my views if I were not convinced matter is one which vitally concerns our Imperial security and our relations with Egypt.

2. Point as I see it is that we ought not in a formal agreement of this importance to be dependent on a vague assurance which can have no real value in indefinite future. The very fact that an assurance should be thought necessary shows that formula is open to a dangerous interpretation. (Incidentally formula might be used as ultimate basis for claims by Italy in other directions than merely the protection of canal).

3. Formula will be on permanent record. Circumstances in which it will be read and interpreted are bound to vary from time to time and I submit that it would be rash to make so dangerous an admission in the hope that these circumstances will always be so favourable that advantage will never be taken of it.

4.

APR
1938
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2.

4. Furthermore it is not merely a question of relationship between ourselves and Italy. Egyptian government must clearly be consulted and I fear that formula will be completely unacceptable to them. Use of language borrowed from article 8 of Treaty will certainly seem to confirm Press reports which so disturbed Prime Minister (see my telegram No. 106) about Italy's claiming a share in the defence of canal. Omission of reference to canal as being integral part of Egypt is certain to increase Egyptian apprehensions.

Addressed to Foreign Office No. 216 of 5th April: repeated to Rome.

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(J.1401/58/18).

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To: ITALY.

Cypher telegram to The Earl of Perth, (Rome).

Foreign Office. April 6th, 1938. 9.45.p.m.

No. 204.

IMMEDIATE.

-----oOo-----

My telegram No. 203 [of April 6th: Anglo-Italian talks: Suez Canal].

If you consider that additions to Suez Canal declaration proposed therein would not be accepted by the Italian Government please telegraph urgently alternative amendments designed to make similar points, and repeat your telegram to Sir M. Lampson.

For your information. If the Egyptian Government express serious objection to formula I may have to take firm line with the Italian Government with a view to its amendment. Moreover if the Egyptian Government strongly object to any declaration on Suez Canal being made, it might be necessary to drop it altogether.

T1401/38/16

[Copy - see original attached]

173

Dft
 Sir M. Lampson
 Cairo

FO

April 6. 1938
 10.10 pm

Tel No. 200
Immediate
 Cypher. X
 Pol. Dist.

Your tel: No. 218 [of April 6.

Anglo-Italian talks, Suez Canal].

Fuller weight will be given
 to your views and you should
 not act on my tel: No. 182
 pending further instructions.

Repeat to Rome Embassy
 No. 205

Sutherland Dept
 a.a.

With reference to para 3 of
 your tel. under reference it
 surely cannot be contrary to
 Art: 5 of the Treaty to consult
 the Egyptian Government on a
 formula. I realize however that
 a serious question would arise
 if in spite of your efforts the
 Egyptian Govt. remained opposed
 to the declaration and in that
 event I should have to consider
 the position thus created.

I have however further considered
 your strong representations and

I desire to know whether the amendments and additions to the formula suggested in my tel N° 203 to [of April 6] Rome are in your opinion likely to meet the objections which you anticipate on the original formula from the Egyptian Govt. If you consider that they will do so, I am prepared to instruct Lord Perth to press them upon the Italian Govt.

I fully recognize that you are the best judge of Egyptian reactions. ~~But~~ I think however that Egyptian susceptibilities should be met by these additions and by the participation of Egypt in the signature of the declaration on which I am also prepared to press the Italians if the Egyptians desire it.

[Initialed H. 6/4]
R.C. 6/4

174

Su M. Hampson.

your No 218

will be
 Followed up ~~with~~ given to your views
 You should not act on my No 102
 free further instructions.

I desire to know whether amendments
 and additions to formulae in the
 suggested in my No _____
 are, in your opinion, likely to
 meet ~~objections~~ ^{objections}
 which you anticipate from
 Egyptian Govt. If you consider
 that they will do so, I am prepared
 to instruct Lord Perth to instruct press
 them upon Italian Government.

(fully recognize that)
 which I accept you are the best judge
 of Egyptian reactions. After last

which I think ~~should be met~~
 by these additions and by the
 participation by Egypt in the
 signature of declaration.
 on which I am also prepared
 to ~~instruct~~ ^{instruct} Italians if
 Egyptians do it

back up to para 3 of your No 218
 Surely ~~it~~ cannot be contrary to Article
 of Treaty to consult Egyptian
 Govt on a formula. I realize
 however that serious question would arise
 if in spite of your efforts
 Egyptian Govt remained
 opposed to the declaration
 and in that event I should have
 to consider whether ~~it~~
 for the position thus created.

H. G/4

I have known
 for some time
 strong representations
 made by me, and

Repeat to
 Rome Embassy

press

Surely

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(J.1401/38/16).

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To: EGYPT.

Cypher telegram to Sir M. Lampson, (Cairo).

Foreign Office. April 6th, 1938. 10.10.p.m.

No. 200. IMMEDIATE.

—oOo—

Your telegram No. 218 [of April 6th: Anglo-Italian talks. Suez Canal].

Fullest weight will be given to your views and you should not act on my telegram No. 182 pending further instructions.

With reference to paragraph 3 of your telegram under reference it surely cannot be contrary to Article 5 of the Treaty to consult the Egyptian Government on a formula. I realize, however, that a serious question would arise if in spite of your efforts the Egyptian Government remained opposed to the declaration and in that event I should have to consider the position thus created.

I have, however, further considered your strong representations and I desire to know whether the amendments and additions to the formula suggested in my telegram No. 203 to Rome are in your opinion likely to meet the objections which you anticipate on the original formula from the Egyptian Government. If you consider that they will do so, I am prepared to instruct Lord Perth to press them upon the Italian Government.

I fully recognize that you are the best judge of Egyptian reactions. I think, however, that Egyptian susceptibilities should be met by these additions and by the participation of Egypt in the signature of the declaration on which I am also prepared to press the Italians if the Egyptians desire it.

Repeated to Rome No. 205.

J

J 1406
176
5 APR 1938

Registry } J 1406/38/16
Number }

FROM Sir I. Malcolm
(Paris)

16
No. Secret.

Dated 4th Apl. 1938
Received } 6th Apl.
in Registry } 1938

J: Egypt and Sudan

Question of representation of Italy on the Board of the Suez Canal Company.

Refers to Foreign Office despatch No. 16 of 28th March 1938 (J 1157/38/16) and his reply No. 10 of 30th March 1938 (J 1303/38/16). Has had informal talks with some of his colleagues on this subject, and found his British colleagues in agreement with him. General Weygand and Mr. Camille Barrère said that they thought the time had not yet come when it would be possible to invite an Italian to take a seat on the Board of Administration, and that this would not be possible while Italy and Germany were in apparent alliance.

Last Paper.

J1401

References.

(Print.)

(How disposed of.)

7.14. Gd. 11.
✓ April 11.
7.14. T. 11.
B. & T. }
with J1303.
April 11.

(Action completed.)

(Index.)

Next Paper.

J 1410 (J1534)

(Minutes.)

Sir I. Malcolm has unfortunately talked with his colleagues, but it may be that he has not in turn referred to the Dupre Plan.

Let us
know
as

Southey 8/4
with J1303

I. Wilson 4 May

7/4
I think that we might also send copies to the Treasury and B. of T. - P. Comandant Southey 7/4

Yes.
R. J. C.
April 7.

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From Sir Ian Malcolm

10, AVENUE D'ÉNA, PARIS. (XVI^e ARR.)

TEL: MARY 08-84

April 4, 1938.

SECRET:

SUEZ CANAL,
Commercial No. 16.

Sir,

With reference to your Despatch No. 16, of March 28th, and to my reply, Commercial No. 10, of March 30th: I have the honour to say that, within the last two or three days, I have had the opportunity of informal talks with some of my colleagues on the subject of those despatches.

I found my British colleagues in exact agreement with me; and both General Weygand and M. Camille Barrère said that they thought the time had not yet come when it would be possible to invite an Italian to take a seat on the Board of Administration, nor so long as Italy and Germany were in apparent alliance.

All these gentlemen gave me their private opinion in reply to a personal request for their views; and there was no suggestion that my question was prompted by more than personal curiosity.

I have the honour to be,

Sir,

Your obedient Servant

Ian Malcolm

The Under-Secretary of State
for Foreign Affairs,
Foreign Office.

Next Paper.

Y. 1421

13258 5/36 F.O.P.

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J

J 1410
178
6 APR 1938

Registry }
Number J 1410/38/16.

TELEGRAM FROM
Sir M. Lampson, Cairo.

No. 218 Decypher.

Dated 6th Apr. 1938
Received } 6th Apr. 1938
in Registry }
J: Egypt and Sudan.

Italian attitude as regards the Suez Canal
Refers to Foreign Office telegram No. 182 of 5th April 1938 (J 1308/38/16).
Must postpone action until 7th April as he has to visit Alexandria on 6th April. Fears reactions against formula by Prime Minister and public opinion in Egypt. Submits that Foreign Office telegram under reference gives too little weight to practical and psychological aspects of the situation whilst concentrating on legalistic arguments which will be of little avail if Italy begins to raise claims in regard to the Suez Canal.
(Repeated to Rome).

Last Paper.

J1406

(Minutes.)

References.
Cairo Tel. No. 216 of 5th Apr. 1938
J1401/38/16.
Rome Tel. No. 309 of 5th Apr. 1938
J1391/38/16
(Print.)

Though Sir M. Lampson was instructed in our telegram no 182 to act without delay, it appears as though he proposes to await a further telegram from us before communicating the Suez Canal formula to the Egyptian Govt.

(How disposed of.)

copy sent to Admty on 9.14.46.

M. Bennett ²⁴ 10/5
Southern Dept.
10/5/4

I. Wilson Young
7/4

X 107
10/5

(Action completed.)

(Index.)

SP.
11.5.38

11/1
65

Next Paper.

J. 421

13263 5/30 F.O.P.

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From EGYPT

179

Decypher. Sir M. Lampson (Cairo)
 6th April, 1958.
 D. 1.50 p.m. 6th April, 1958.
 R. 1.00 p.m. 6th April, 1958.

No. 218

J 1205/38/16

Your telegram 182 was received after I had drafted my telegram 218, commenting on Rome telegram 509 and reaffirming my misgivings in regard to proposed formula.

2. As I have to go down to Alexandria today for an official function I shall in any case have to postpone action till my return early tomorrow morning by which time I may know whether my last telegram has modified your views.

3. I fear reaction against your formula by the Prime Minister and also by public opinion when it becomes known here. It may even be argued here that the formula is contrary to the spirit of article 5 of the Treaty of Alliance, whereby both parties undertake "not to adopt in relation to foreign countries, an attitude which is inconsistent with the alliance."

4. Your telegram 182 gives, I submit, too little weight to practical and psychological aspects of the situation whilst concentrating on legalistic arguments which I have an uncomfortable presentiment will be of little avail either to us or to Egypt when Italy later begins to raise claims in regard to canal as a result of what we are now giving her.

Addressed to Foreign Office 218 6th April, repeated to Rome.



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J 1423
7 APR 1938 183

Decypher. The Earl of Perth (Rome)
April 6, 1938.
D. 11.40 p.m. April 6, 1938.
R. 9.30 a.m. April 7, 1938.
323
No. 225

@@@@@@@@

Following for Sir Alexander Cadogan.
Personal.

I do not naturally wish to enter into a controversy with Sir Miles Lampson but it seems to me that the position of Italy and ourselves as regards Egypt generally and the Suez Canal in particular is completely different.

We are Egypt's ally and have a treaty [grp. undec.] I remember rightly that we shall defend her territory against acts of aggression by a third Power. Italy is not Egypt's ally and has made no such declaration and therefore has no claim to defend Canal which is in Egyptian territory. To declare that the Canal is an essential means of communication between Italy and Italian territories [grp. undec.] is to state an undisputed fact. I have not repeated this telegram to Cairo.

APR
2
1938
FO: REC 311

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J

J 1429
 184
 7 APR 1938

Registry Number } J 1429/38/16
 TELEGRAM FROM
 Lord Perth, (Rome).
 No. 329 Decypher.
 Most Immediate.
 Dated 7th Apr: 1938
 Received in Registry } 7th Apr: 1938
 J: Egypt and Sudan

Italian attitude as regards the Suez Canal.
 Refers to Foreign Office telegrams No. 203 (J 1365/38/16) and No. 204 (J 1401/38/16). If he may say that His Majesty's Government feel that it may be difficult for the Egyptian Government to accept the formula proposed originally, thinks that he may be able to persuade Count Ciano to agree to desired amendments. Would like to tell Minister for Foreign Affairs that, in case he rejects amended formula, His Majesty's Government must ask him to be content with reaffirmation of 1888 Treaty (formula in Rome telegram No. 330, J 1430/38/16).
 (Repeated to Cairo).

Last Paper.

J 1423

(Minutes.)

References.

I would suggest that the tactics proposed by Lord Perth be approved.

A further paragraph to this telegram sent separately will be found in J. 1431 (it is not clear whether this further para. was repeated to Cairo). A request to Count Ciano to drop his proposal for an undertaking to respect the Suez Canal Convention of 1888 will inevitably arouse the worst suspicions of the Italians.

Lord Perth's formula for a simple reaffirmation will be found in J. 1430.

Mr. Beckett ²¹ 13/4
 Secretary to the Foreign Office
 7.4.38

(Print.)

(How disposed of.)

Tel Cairo no. 204
 Apr 7.
 Repeated to Rome
 no. 210.
 4. Sept. compo to
 Home Secretary
 confirmatory copy
 Apr 8.
 Copy comes to
 duty on 9.4.40.

(Action completed.)

SP.
 Q.S. 38

(Index.)

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 5

Next Paper.

J 1430

Discussed by S. of S. with Sir d. Alphant,
 Mr. Ingram & myself, as a result of which
 further a telegram to Sir M. Lumsden has been
 despatched - R. J. C. April 7.

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FROM ITALY

Decypher. The Earl of Perth (Rome).
7th April, 1958.

D. 12.40 p.m. 7th April, 1958.

R. (BY TELEPHONE) 12.40 p.m. 7th April, 1958.

No. 529.

MOST IMMEDIATE.

Your telegrams Nos. 203 and 204.

If I may say that we feel that it is likely to be difficult for Egyptian Government whose concurrence is necessary in any formula about Suez Canal, since the latter is situated in Egyptian territory, to accept, in view of Egyptian public opinion the formula we proposed originally I think I may be able to persuade Count Ciano to agree to amendments set out in your telegram No. 203. If you approve I would like to tell Minister for Foreign Affairs that, in case he rejects the amended formula, we must ask him to be content with simple re-affirmation of 1888 Treaty, formula for which is contained in my immediately following telegram.

I think myself that in such circumstances he will much prefer amended text.

Addressed to Foreign Office No. 529, April 7th, repeated to Cairo.

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To EGYPT.

Cypher telegram to Sir M. Lampson Cairo)

Foreign Office, 7th April 1938, 5.45 p.m.

No. 204.

- - -

IMMEDIATE.

Lord Perth's telegrams Nos. 529 and 530 [of 7th April].

If you have come to conclusion that amendments contained in my telegram No. 205 [of 6th April] to Lord Perth are likely to be accepted by the Egyptian government, you need no longer abstain from action - see first paragraph of my telegram No. 200 [of 6th April] - but should immediately try to obtain concurrence of Egyptian Prime Minister.

If you succeed I will as soon as I receive your reply instruct Lord Perth immediately to press them on Italian Minister for Foreign Affairs.

If however formula as amended would in your opinion still be unacceptable to Egyptians, do you think simple re-affirmation of Canal Convention of 1888 on lines of Lord Perth's telegram No. 530 [of 7th April] would be accepted?

Please let me have your reply at latest by four o'clock London time 8th April.

Repeated to Rome No. 210.

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J

J 1433
191
7 APR 1938

Registry Number J 1433/38/16.

FROM Conversation.
(Egyptian Charge
d'Affaires)

Dated 31st Mar. 1938.
Received
in Registry 7th Apr. 1938.

J: Egypt and Sudan.

Egyptian interest in the Anglo-Italian conversations.

Mr. Cavendish-Bentinck records conversation on 31st March 1938 with the Egyptian Charge d'Affaires, who was informed of the present position of the Anglo-Italian conversations. The question of the participation of Egypt in the undertaking on the subject of the Suez Canal was discussed.

Last Paper.

J1431

References.

(Print.)

(How disposed of.)

(Action
completed.)

J 1433
9.5.38

(Index.)

J 1431
6/5

Next Paper.

J1442 (J1468)

(Minutes.)

I confess that I am not quite happy as regards the Suez Canal declaration. Although the need for consulting the Egyptian Govt on matters of interest to them has been impressed on Mr. Perth from the beginning and again more recently as texts have begun to take definitive shape. In fact, I have felt in these last two or three days, been going ahead rather too quickly, as if such texts were in fact final once Mr. C. Ciano had reached agreement.

The Egyptians can be perverse and are quite capable of arguing that as a measure of defence they might

might wish not to be excluded from closure of the Canal & might have been thinking of seeking a revision of the Canal Convention ^{with this end in view} (c.p. Pasha Pasha's remark that he could not see how Egypt c^d be prevented from doing what she liked in the Canal zone to protect her territory). They might go on to argue that this declaration makes this more difficult, at any rate in so far as it confirms & re-inforces an instrument which ties the hands of the ally, on whose help she w^d need to rely both if she wanted a revision & if she wished to close the Canal as a measure of defence. The fact that H.M.G. w^d almost certainly not wish for a revision w^d not prevent Egypt from arguing as above, if they were so disposed.

In any case failure to allow Egypt to figure in a declaration dealing with a waterway which runs through her territory and which is of such vital importance to her would, I think, most probably cause serious discontent in Egypt; if so, and this is not impossible, it might lead to an agitation on the part of public opinion which could be very damaging to our interests in Egypt.

[* of which she is under the Canal Convention constituted the defender in the first place

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I think therefore that we should be prepared even at this late hour, to urge on the Italian Government that Egypt should be associated with the declaration, if the Egyptian Government shows any wish to do so. At the same time we should try to dissuade the Egyptian Prime Minister from pressing for any amendments to the text already agreed

Mr. Beckett and I feel strongly that we should adopt this line and that we should telegraph to Cairo and the Rome Embassy in the sense of the attached drafts.

R. J. Campbell

1st April 1938.

The drafts have now been seen & concurred in by Mr. Ingram & by Sir W. Malkin

? dispatch

R. J. Campbell
1/4

Southey Dept trace this paper for other points.

I agree

La 1 apr.

J. 1453
7 APR 1938

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The Egyptian Chargé d'Affaires called upon me this morning by appointment to enquire what the attitude of His Majesty's Government might be as regards the maintenance or withdrawal of their Legation at Vienna. I informed him that instructions had been sent to His Majesty's Ambassador at Berlin to inform the German Government that His Majesty's Government have decided to withdraw their Legation from Vienna but that they reserve their rights under the existing treaties between the United Kingdom and Austria. This note would probably be addressed to the German Government on April 2nd. I added that a telegram is being sent to Sir Miles Lampson instructing him to inform the Egyptian Government of the above.

2. Hakki Bey then enquired what the present position might be as regards the Anglo-Italian conversations. I informed him that, as I mentioned during our last conversation, the Italian Government had agreed to reduce the strength of their forces in Libya to half the numbers when the conversations commenced and that withdrawals had already begun at the rate of 1,000 a week and would continue at the same rate until the Italian effectives in Libya reached peace strength.

3. As regards the bon voisinage agreement I read out to him the draft text (carefully withholding the fact that the Italian Government had already agreed thereto) and informed him that it had been telegraphed out to Sir Miles Lampson with a request that he should obtain the concurrence of the Egyptian Government therein. I also mentioned that, as this agreement would have to be signed in respect of the Sudan by the Egyptian Minister in Rome in company with His Majesty's Ambassador, we had instructed Sir Miles Lampson to invite

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the Egyptian Government to furnish their Minister in Rome with the necessary full powers. With regard to native armies, I informed Hakki Bey that the exact form in which the Italians would reaffirm the assurance which they gave to the League of Nations in 1936 was still under consideration but that agreement had been reached in principle in this matter. I said that the same applied to Lake Tsana and that the draft of the formula in which the Italian Government would reaffirm the assurances that they have previously given, or in which they would undertake to recognise the rights accruing ^{to us} under the treaties of 1906 and 1925, was still under consideration but that the draft of this formula would be telegraphed to Cairo as soon as possible in order that Sir Miles Lampson should communicate it to the Egyptian Prime Minister.

H. Hakki Bey then enquired about the Suez Canal, on which he had questioned me during our last interview. As we are telegraphing out to Sir Miles Lampson for communication to the Egyptian Prime Minister ^(that Egyptian declaration to be made by H.M. Govt. under) the ~~formula of our agreement~~ with the Italian Government, I read out this formula to Hakki Bey, carefully refraining from mentioning the fact that agreement has already been reached with the Italian Government. Hakki Bey informed me that he felt certain that the Egyptian Government would wish to be party to this undertaking. He alleged that articles had already appeared in the Egyptian press that matters of vital importance to Egypt are being negotiated during the present Anglo-Italian conversations without the presence of Egyptian representatives and he maintained that if the undertaking regarding the Suez Canal were signed without participation of Egypt there would be an outcry that the British and Italian

Governments/

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Governments had signed an instrument respecting an integral part of Egypt - which is now an independent state - without ^{the Egyptian Govt.} ~~Egypt~~ being a party thereto and that ~~in fact~~ these two powers would be accused of disposing of Egypt's property without her consent. I pretended to be both pained and surprised at Hakki Bey's observations and said that we had kept both himself and the Egyptian Prime Minister, via Sir Miles Lampson, fully informed of the progress of the Anglo-Italian conversations, and that we had done and were doing our utmost to safeguard Egyptian interests. As a sample of this I ~~would~~ mention the fact that I had understood that the Egyptian Government and public had been considerably perturbed by the presence of a large concentration of Italian troops in Libya, perhaps more so than was necessary, and that the assurance which we had obtained from the Italian Government that they would reduce these effectives by 50% ^{which} ~~would~~ surely be appreciated.

5. As regards the ^{declaration} ~~affirmation~~ respecting the Suez Canal, this had been drafted at the request of the Italian Government who desired a declaration by which both powers would reaffirm their intention to observe the terms of the Suez Canal Convention of 1888. This declaration seemed to me personally to be somewhat pointless as the Suez Canal Convention is in force and His Majesty's Government are in the habit of observing their treaty obligations. However, there seemed no reason to refuse to humour the Italian Government and the statement that the Suez Canal is an essential means of communication between Italy and Italian territories overseas is self-evident. I went on to say that I was at a loss to understand how it could be alleged that the Italian and British Governments were ^{disposing of} ~~giving away~~ the property of others. The reverse appeared to me to be the/

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the case as they were promising to observe the sanctity of the neutrality of the Suez Canal. A further consideration which would perhaps have occurred to the Egyptian Government is that if the Egyptian Government were asked to be party to this declaration then all the other signatories to the Convention of 1888 might wish to do likewise. For instance the Suez Canal is an essential means of communication between the Netherlands and her important and wealthy Far Eastern colonies. Hakki Bey said that he realised the force of my arguments but that he felt certain that there would be an outcry in Egypt if the Egyptian Government were not brought into this undertaking in some way or another, as Egypt regards herself as having a special position in the matter of the Suez Canal which passes through her territory. The Egyptian Government might think that their representative should take part in any discussions that there might be regarding the text of this undertaking and he enquired when it was expected that a final decision would be reached thereon. I told him, for his confidential information, that the conversations had been proceeding with great rapidity at the desire of the Italian Government-(at which he interjected the comment that they doubtless desired to reach an agreement before Herr Hitler's visit)-and that consequently the conversations had progressed with almost inconvenient rapidity. Moreover, the Italian Government had evinced a desire that the conversations should be purely Anglo-Italian though they had been clearly warned that the Egyptian Government must be consulted in all matters affecting Egypt and that Egypt must be a party to the bon voisinage agreement in respect of the Sudan. As a purely personal suggestion,

which/

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which I was careful to inform him would probably not be approved by higher authority here, I enquired how it would be if the undertaking given by the British and Italian Governments regarding the intention to observe the Suez Canal Convention were to be communicated by those Governments to the Egyptian Government who would doubtless take note thereof with due pleasure. This might form a means of associating the Egyptian Government with the undertaking, though it might be argued that a similar communication would have to be addressed to the other signatories of the Convention of 1888. Hakki Bey did not think that the Egyptian Government would regard this as sufficient and thought that they would put forward a request to be parties to the undertaking. I said that, owing to the form in which the Italian Government had suggested that the ^{declaration} ~~undertaking~~ should be ^{made,} ~~given,~~ this would lead to difficulties and that I trusted that the Egyptian Government would not press such a request. I told him that the text of this declaration respecting the Suez Canal would be telegraphed to Sir Miles Lampson for communication to the Egyptian Government.

V. G. *Carver* *Secretary*

31st March 1938

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From: EGYPT.

Decypher. Sir M. Lampson, (Cairo).
April 7th, 1938.

D. 10.39.p.m. April 7th, 1938.

R. 10.50.p.m. April 7th, 1938.

No. 225. IMMEDIATE.

Your telegram No. 203 to Rome.

By far the best solution I submit would be a simple reaffirmation of 1888 convention without any explanatory preamble and I would strongly urge that this is what we should aim for. Italians would naturally prefer a reference to their special interest but I should have doubted whether they would press the point to the extent of bringing negotiations to a deadlock.

2. But while holding above to be the right course I have been pondering whether formula contained in your telegram No. 177 might not be capable of less drastic modification; and similar thought to that expressed in paragraph 1 of your telegram under reference had occurred to me viz. that formula might be sterilized by broadening its scope and watering down or omitting reference to Canal as being "essential" to Great Britain and Italy only. I had in fact prepared following draft formula B which I was about to submit to you for consideration.

3. Formula A. Begins:-

"In view of fact that Suez Canal whilst being an integral part of Egypt is a universal means of communication which is of particular value to United Kingdom and Italy and all other countries with overseas territories or interests, the Government of the United Kingdom and Italian Government hereby reaffirm their intention always to respect and abide by provisions of convention signed at Constantinople on October 20th, 1888, which guarantees at all times and for all Powers the free use of that Canal". Ends.

4. Formula B.....

APR
8 11 21 1938
F.O. DEPT. OF
COMM.

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4. Formula B. Begins:

"In view of fact that Suez Canal whilst being an integral part of Egypt is a universal means of communication the Government of the United Kingdom and Italian Government hereby reaffirm their intention always to respect and abide by the provisions of the Convention signed at Constantinople on October 20th, 1888, which guarantees at all times and for all Powers the free use of that Canal". Ends.

5. Formula A like the formula suggested in your telegram under reference covers by implication France and Holland and places all countries with overseas territories on the same level whereas your formula by placing Italy and Italian territories first, singles out and emphasises importance of the Canal to them and may thus lead to result which it is designed to avoid. It is of course possible that both Formula A and your Formula might lead Powers with overseas territories (including perhaps Germany at some future date) to claim special position in control of Canal. It might in fact be first step on the road to internationalisation though I doubt whether risk of this is one we need worry about.

6. Formula might also be open to criticism as being a step in the direction of internationalisation but granted that some explanation is necessary for action of Great Britain and Italy in reaffirming convention of 1888 it seems to me least dangerous formula that can be devised.

7. I feel bound most emphatically to reiterate however that the surest way of avoiding all pitfalls is to return to the idea of a simple reaffirmation of convention of October 20th, 1888 without any explanatory preamble i.e. (Formula C) "the Government of the United Kingdom and Italian Government hereby reaffirm their intention

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5.

intention always to respect and abide by the provision of the convention signed at Constantinople on October 20th, 1888 which guarantees at all times and for all Powers the free use of the Suez Canal". I would urge that best and most natural course is to go back to Italian Government and say that soundings which we have taken of Egyptian Government have revealed necessity of modifying formula in this sense. If you approve of this idea I can at once undertake the necessary soundings of Egyptian Prime Minister.

Addressed to Foreign Office telegram No. 223 April 7th; repeated to Rome.

41



J

J 1446

206
3 APR 1938

Registry Number } J 1446/38/16.

TELEGRAM FROM
 Lord Perth, (Rome).
 No. 333 Decypher.

Dated 7th April, 1938.
 Received 8th April, 1938.
 in Registry }

J: Egypt and Sudan

Italian attitude as regards the Suez Canal.
 Refers to Foreign Office telegram No. 199 of 6th April, 1938 (J 1365/38/16). Fears that to be asked for written assurances as suggested would be considered by Italian Government as further demand on them which they might be unwilling to give without substantial quid pro quo. Suggests that signing of declaration unaccompanied by any Italian claim to co-operate in defence of Suez Canal implies certain measure of Italian recognition of His Majesty's Government's special position in this respect. Greatly prefers revised formula in Foreign Office telegram No. 203 (J 1365/38/16) and procedure proposed in Rome telegram No. 329 (J 1429/38/16). Repeated to Cairo.

Last Paper.

J1445

References.

Rome Tel. to F.O.
 No. 178 of Mch. 18
 (R 2982/23/22)
 1938

(Print.)

(How disposed of.)

F14. Admty (Copy of inward & outward tels on J. 1446, J1445, J1444, J1431, J1430, J1429, J1421, J1410, J1401, J1394, J1391, J. 1368, J1365, J1308, J771 + R2982/23/22 April 8.
 Tel Rome no. 226 April 9.
 (Repeated to Cairo no. 213) April 9.
 J. Dept copies to Rome

(Action completed.)

20.4.38

(Index.)

7/14

Next Paper.

J1462

(Minutes.)

I entirely agree with Lord Perth that "we are getting into deep water" and perhaps there is no necessity for our doing so.

This Suez Canal declaration was originally intended to be a mere statement of fact (which it is) and "sugarwash" for the Italian public. It has now come to be regarded as an international instrument of great importance and the more fuss is made over it the more dangerous it becomes.

On March 31st I read out the Suez Canal Declaration to the Egyptian Chargé d'Affaires whom we are keeping informed of the course of the Anglo-Italian conversations. He never suggested that we had "sold the pass" which according to Sir M. Lampson's tel. is J. 1442 will be the Egyptian reaction. He only suggested that Egypt should be a party to any undertaking.

The Egyptian Chargé d'Affaires telegraphed the substance of the Declaration to Cairo on March 31st

March 31st. On April 5th the Cairo press presumably received and published on April 6th the details of the Rome conversations given to the public through the intermediary of Mr. Tolstokoff including the re-affirmation of the Suez Canal Convention. If this declaration is going to cause such a storm in Egypt, it is odd that we have heard no distant rumblings other than the warnings in Sir M. Lempriere's telegram.

Exchange Dept. -

V. Cameron *V. Cameron*
8.4.38

all these tals were

discussed by the S. of S. with
Sir A. Cadogan, Sir L. Oliphant,
Mr. Ingram & me. on April 8

see draft tals to Cairo
and Rome Embassy.

R. J. Campbell
April 9.

Chancery (confirm-
atory copy) April 11.

Tele Cairo No. 214
April 9.

Repeated to Rome
No. 229. April 9.

I Dept. comps. to
Rome Chancery
(conf. copies) April 11.
Copies of out tals to
Admiralty on 9.5.74.

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J 1446

207

FROM ITALY.

8 APR 1938

Decypher. The Earl of Perth (Rome).
7th April, 1938.

D. 11.50 p.m. 7th April, 1938.

R. 9.30 a.m. 8th April, 1938.

No. 333.

vvvvvvvvvvvvvvvv

Your telegram No. 199. J 1365/34/16

We are getting into deep waters. I fear that to be asked for written assurances such as are suggested would be considered by Italian government as a further demand on them, namely explicit recognition of our special position in Egypt as set out in provisions of Anglo-Egyptian Treaty which they might be unwilling to give without substantial quid pro quo.

I share moreover to the fullest extent the reasons given in the latter paragraphs of your telegram under reference against any such procedure as that mentioned in your paragraph 1. It would inevitably suggest to Italian government thoughts of a dangerous kind as regards implications of declaration and its terms. Further, as you point out it might well lead to new demands on Italian side which might cause the gravest difficulties.

Does not the signing of declaration unaccompanied by any claim by Italian government to cooperate in the defence of the canal imply in itself a certain measure of Italian recognition of our special position? Moreover the fact that no such claim has been advanced by the Italians cannot in future be held to have been due to an oversight on their part. It was actually the appearance in the press of reports of an Italian intention to make such a claim which caused the Minister for Foreign Affairs' spontaneous denial - see my telegram No. 178.

In the circumstances I greatly prefer the revised formula suggested in your telegram No. 203 and procedure proposed in my telegram No. 329.

Addressed to Foreign Office No. 333 April 7th: repeated to Cairo.

208

(J.1446/38/16).

To ITALY.

Cypher telegram to The Earl of Perth (Rome).

Foreign Office, April 9th 1938. 10.0 p.m.

No. 226.

Your telegram No. 355 [of April 7th. Anglo-Italian talks. Suez Canal].

I agree that you should not seek confirmation of Count Ciano's oral assurance that Italy does not seek a share in the defence of the Suez Canal.

Repeated to Cairo No. 215.

209

- 01 FILE

(J.1446/58/18).

To EGYPT.

Cypher telegram to Sir M. Lampson (Cairo).

Foreign Office, April 9th 1958. 9.00 p.m.

No.214.

IMMEDIATE.

Your telegram No.225 [of April 7th. Anglo-Italian talks. Suez Canal].

You should endeavour to secure Prime Minister's assent to formula B (paragraph 4 of your telegram No.225 [of April 7th]) or a simple re-affirmation of the Convention of 1888 (paragraph 7 of your telegram No.225 formula C.)

I do not think that we need be greatly perturbed by fear that formula B. would be used as step to demand for internationalisation. Moreover it appears to me that this formula might be preferred by Egyptians as specifically mentioning that the Canal is an integral part of Egypt.

In any case I am encouraged to hope that neither formula will be very objectionable to the Egyptian Government since the Prime Minister must have been in possession of at least the sense of the original formula for about a week (see my telegram No.177, [of 1st April] penultimate paragraph) and in spite of recent press leakages on subject matter of Anglo-Italian talks there has, as far as I am aware, been no outburst of Egyptian public opinion.

Time factor being a great consideration I propose, as soon as I receive your reply, to instruct Lord Perth to

represent

210

2.

represent to Count Ciano difficulties presented by views of the Egyptian Government and probable reactions of Egyptian public opinion and to seek his agreement in the first place to formula C. But I should like to have formula B. to fall back on, and therefore very much hope Egyptian Government could be induced to accept it if necessary.

Whichever formula is preferred by the Egyptians you should ascertain whether they desire to be associated with the Declaration. If they do, an appropriate method will be worked out for submission to them.

I am instructing Lord Perth forthwith not to seek confirmation of Count Ciano's oral assurance that Italy desires no share in the defence of the Canal.

Repeated to Rome Embassy No. 229.

43	J	J 1468 213 11 APR 1938
Registry Number J 1468/38/16. TELEGRAM FROM Sir M. Lampson, Cairo. No. 234 Decypher Immediate. Dated 9th Apr. 1938 Received in Registry 11th Apr. 1938 J: Egypt and Sudan.	Anglo-Italian Conversations. Refers to Cairo telegram No. 210 dated 5th April (R3691/23/22). The Prime Minister is puzzled by the final paragraph of the draft protocol communicated to him on 5th April, regarding invitation of the Egyptian Government to participate so far as all questions affecting Egypt or Anglo-Egyptian-Sudan are concerned. He would like to cut out the word "Egypt", but would leave it in if it really was in Egypt's interest to do so, but asked that attention of His Majesty's Government be drawn to the point. (Repeated to Rome).	
Last Paper.	(Minutes.)	
J 1462 (J 1431) References.	If the Egyptian govt. wish the word "Egypt" taken out as suggested by Mohamed Mahmoud Pasha, there is surely no objection so far as we are concerned; but we thought that they would prefer it in and that this is to their interest. However it is for the Egyptian govt. to decide.	
(Print.)	? Reply accordingly. R. Campbell 11/4 Foreign Dept.	
(How disposed of.) Tel. Cairo. * No. 235. Apr. 12. Copies sent to Admiralty on 11/4 * Repeated to Rome No. 249.	Yes. pointing out that we thought they might ^{possibly} have commercial interests about which they w ^d wish to take the proposed opportunity to discuss, or perhaps questions affecting the Coptic Church. R. J. Campbell 11/4. In W. Mackin 11/4 Southern Dept. 11/4 2 desps: attached draft (No. 235 of 12/4) R. J. Campbell 12/4. A. B. 14/1 13268 5/31 F.O.P. H. 12-4	
(Action completed.) 23.4.38	(Index.) 6 25	
Next Paper. J 1478 (J 1582)		

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J 1468
11 APR 1958

214

From EGYPT.

Decypher. Sir M. Lampson (Cairo).

April 9th 1958.

D. 5.28 p.m.

April 9th 1958.

R. 6.50 p.m.

April 9th 1958.

No. 254.

IMMEDIATE.

My telegram No. 210.

Protocol.

Prime Minister referred this morning to the draft communicated to him on April 5th and said he was puzzled by one point. The final paragraph "Egyptian Government will be invited to participate so far as all questions affecting Egypt or Anglo-Egyptian Sudan are concerned

2. His Excellency would like cut out word "Egypt" seeing that so far as he can follow only Sudan is concerned.

3. I replied that I saw his point but should have thought that the inclusion of "Egypt" would be welcome to him even if only through superabundance of caution. He said that he would leave it in if it really was in Egypt's interest to do so: but would in any case like your attention called to his point and to know your reactions thereto.

Addressed to Foreign Office No. 254 of April 9th, repeated to Rome.

APR 11 1958
F.O. REGISTRY

154. August 2

20 10/6

Bari

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(J.1468/58/16).

To EGYPT.

215

Cypher telegram to Sir M. Lampson (Cairo).

Foreign Office, 12th April, 1958. 9.0 p.m.

No. 255.

.....

IMMEDIATE.

Your telegram No. 254 [of April 9th: Anglo-Italian conversations - draft protocol].

I have no objection to deletion of word "Egypt" as suggested by Prime Minister but thought that the Egyptian Government would prefer inclusion of "Egypt" as they might have commercial interests, questions affecting the Coptic church, water supply (Lake Tsana) etc. which they would wish to take the opportunity to discuss with the Italian Government. But it is for the Egyptian Government to decide.

Repeated to Rome No. 249.

12th August 2

20 10/6

Bari

44

J

J 1478
 216
 11 APR 1938

Registry Number J 1478/38/16
 FROM Sir M. Lampson
 (Cairo)
 No. 346 (7/22/38)
 Dated 29th Mar. 1938.
 Received in Registry 11th Apr. 1938.
 J: Egypt and Sudan.

Activities of Italian Colonial Cultural Institute.
 Refers to Foreign Office despatches No. 1276 of 11th November, 1937, No. 73 of 15th January 1938 and unnumbered dated 8th March 1938 (J 4493/70/16). Enquiries made through the Egyptian Police have failed to trace a branch of the Societ  Culturale Italiana Coloniale in Egypt. Dr. Nuni's visit in 1937 was not apparently with the intention of founding such an institution. Gives details of the Leonardo de Vinci Society and the "Dante Alighieri", the activities of which are not believed to be political. There is nothing further to report regarding the Ufficio Turistico Riunione Adriatica.

Last Paper.
 (J 4493/70/16-1937)
 J 1468

(Minutes.)

References.

Cairo despatch
 No. 1175 of 13 Oct 1937
 (J 4493/70/16)

The Italian propaganda organisation in Egypt are for the present confining their activities to the cultural work which is their nominal object. We had better enquire in 6 months time whether this satisfactory state of affairs is continuing.

(Print.)

(How disposed of.)

Dr. Lano
 no 1158 Sept 7.

By J. M. D. 25/4
 Southern Dept. 13/4
 Range Dept. 13/4
 Do you think a copy of this should go to the British Council? 12/4
 On the whole I think not. 13/4
 KED.
 13.11.38.
 Men X.
 14/4

(Action completed) Dr. 21.10.38
 (Index) 11/5

Next Paper.

J 1505

For the present it is unlikely that the Italians will behave badly.

15741 9/37 F.O.P.

By August 2

21 10/6

Bari

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Bair has become more active
and less restrained in recent weeks.
We had therefore perhaps better get
Cairo while the British organs & others
in Egypt are also viewing their activities.

I submit a draft.

P. L. Rose.
3/
4.

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No. 346.
(7/22/38)

BRITISH EMBASSY,

217

CAIRO.

29th March, 1938.

J 1478

My Lord,

With reference to Mr. Eden's despatches No. 1276 of November 11th, 1937, and No. 73 (J 4493/70/16) of January 15th, 1938, and your despatch No. J 4493/70/16 of March 9th, 1938, I have the honour to report that enquiries made through the Egyptian Police have failed to establish the existence of a branch of the Société Culturelle Italienne Coloniale in Egypt. Dr. Nuni's visit referred to in my despatch No. 1175 of October 13th last was not, it would appear, with the definite intention of founding such an institution here. He only stayed a week and then left for Palestine.

2. There are, however, two societies for cultural purposes to be found in Cairo. The first is known as the Leonardo de Vinci Society, whose director is Professor Bafile and of which the main aim is the teaching of the Italian language. The second is a branch of the well-known cultural propaganda society called "Dante Alighieri" under the direction of a certain Professor Turco. There is no reason to believe that either of these societies are particularly involved in political propaganda or other activities.

3. There is nothing further to report regarding the Ufficio Turistico Riunione Adriatica. This
/organisation

The Right Honourable

Viscount Halifax, K.G.,

P.C., G.C.S.I., G.C.I.E.,

&c., &c., &c.

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- 2 -

organisation is under close surveillance but nothing has so far come to light of importance regarding its alleged espionage activities.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient, humble Servant.



AMBASSADOR.

OUT FILE

219

No. 1158.

FOREIGN OFFICE, S.W.1.

(J 1476/38/16).

7th September, 1938.

Secret.

Sir,

I was glad to note from Sir Miles Lampson's despatch No. 346 (7/22/38) of the 29th March that Italian propaganda organisations in Egypt were confining their activities to cultural work, and were abstaining from political propaganda, especially along anti-British lines.

2. In the course of the last few weeks a change of tone has been observed in the Bari broadcasts which for the period directly following the signature of the Anglo-Italian Agreement were free from any suggestion of anti-British propaganda. This change of line does not as yet constitute a definite recrudescence of anti-British propaganda: nevertheless it is sufficiently marked, particularly with regard to Palestine, to lead one to suspect that similar developments may have been noticed elsewhere. I therefore request that you will inform me whether any change has recently been observed in the activities of Italian propaganda organisations in Egypt.

I am, with great truth and regard,

Sir,

Your obedient Servant,

(For the Secretary of State)

C. H. Bateman, Esq., C.M.G., M.C.,

etc., etc., etc.,

Cairo.

48

J

J 1534
 226
 12 APR 1938

Registry } J 1534/38/16.
 Number }
 TELEGRAM FROM
 Sir M. Lampson, (Cairo).
 No. 245 Decypher.
 Dated 11th April, 1938.
 Received 12th April,
 in Registry } 1938.
 J: Egypt and Sudan.

Representation of Italy on the Board of the Suez Canal Company.
 Refers to Foreign Office despatch No. 399 of 29th March (J 1157/38/16).
 Suggests that any decision regarding the Italian representation on the Suez Canal Board be deferred until Cairo have had time to go into the matter and have submitted their observations. (Repeated to Rome).

Last Paper.

(Minutes.)

J 1521 (J 1401)
 References.

Sir J. Malcolm is against the appointment of an Italian Director, the Italians have not asked for one, and no decision will therefore be necessary. If a sudden request were to be made by the Italians this tel. wd. have to be borne in mind. But in present circumstances I think we need only send copies to

(Print.)

(How disposed of.)

F. 14 Adly
 Tsyd
 Bd of T.
 April 16
 Dpt Sir M. Lampson
 Cairo (from
 Mr Campbell)
 April 14

atg
 Tsyd
 BTI } dep. inf.

(Action completed.)

(Index.)

21.4.38

21/4/38 G.M.D.
 Southern Dept. aa.

20th April

Next Paper.

J 1542.

Legat. we might tell Sir M. Lampson in

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in letter that nothing w^d be done without
full consideration by & consultation of
all those concerned, including of
course himself.

R. J. Campbell
13/4

YHS
13.13.47

I don't think there is the least
chance of our having a directorship
in Italy.

AC.
April 13. 1947

Det. to R. J. Campbell.
14.4.47

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J 1534
12 APR 1938

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NO DISTRIBUTION.

Decypher. Sir M. Lampson (Cairo).

April 11th 1938.

D. 8.5 p.m.

April 11th 1938.

R. 8.5 p.m.

April 11th 1938.

No. 245.

389

Your despatch No. 359 forwarding a letter of March 28th from Mr. Campbell to Lord Perth regarding possibilities of appointment of an Italian director to Suez Canal Board has just arrived.

2. Whilst we apparently do not propose to take any initiative in the matter I am somewhat taken aback at the whole idea of Italian representation and suggest that any decision may be deferred until we here have had time to go into the matter and submit our observations.

Addressed to Foreign Office No. 245 of April 11th, repeated to Rome.

APR
12 1938
F.O. REGISTRY.

COPY

228

FOREIGN OFFICE, S.W.1.

14th April, 1958.

(J 1534/38/16)

Dear Lampson

Your telegram No. 845 of the 11th April referring to correspondence with Perth regarding possibilities of the appointment of an Italian Director on the Board of the Suez Canal Company.

The Italians have made no request for our support in the event of an Italian candidate being put forward for a vacant directorship on the Board of the Suez Canal Company and we have no intention of suggesting that they should put forward a candidate. Nothing in this connexion is likely to be done without full consideration by and consultation with all those concerned including, of course, yourself.

*Yours ever
(for Campbell).*

(Sd.) V. CAMERON

Sir Miles Lampson, G.C.M.G., C.B.,

British Embassy,

Cairo.

(Index. 1/20)

38.
xt Paper.

11550

13263 5/16 F.O.P.

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H9



J

J 1542
229
12 APR 1938

Registry Number } J 1542/38/16
TELEGRAM FROM
Earl of Perth (Rome)
No. 383 Decypher
Immediate
Dated 12th Apr. 1938.
Received
in Registry 12th Apr. 1938.
J: Egypt and Sudan.

Italian attitude regarding the Suez Canal.
Refers to Cairo telegram No. 237 dated 11th April (J 1521/38/16). If formula of simple re-affirmation of 1886 Treaty is adopted signature by Egypt might be undesirable since it might help to imply recognition by Egypt of a special Italian position as compared with that of other countries signatory to the Treaty. If British and Italians sign alone such danger would be avoided. If Egypt strongly desires to sign, suggests that Sir M. Lampson's formula B is preferable. (Repeated to Cairo).

Last Paper.

(Minutes.)

91534 (91521)
References.

Done. 12.4.38.
? Ask Sir M. Lampson urgently for his views on this suggestion. Although I expect we shall receive them without especially asking for them. V. Cavendish Bentinck 12/4
Working Sept.

(Print.)

See on J1550

R.C.

(How disposed of.)

Tel. Cairo No. 236
✓ 12 April
Copy Admty on 9/5/4

(Action completed.)

(Index.)

Dr.
20.4.38.

1/20
1/4

Next Paper.

J 1550

J.
FROM ITALY

230

Decypher. The Earl of Perth (Rome).
19th April, 1938.

D. 1.40 p.m., 12th April, 1938.

R. 5.55 p.m., 12th April, 1938.

No. 585.

.....

J 1542

2 APR 1938

IMMEDIATE

Sir M. Lampson's telegram No. 237.

A. The Suez Canal.

It occurs to me that if we adopt formula of simple re-affirmation of the Treaty of 1886 signature by Egypt might be undesirable since it might help to imply recognition by Egypt of a special Italian position as compared with that of other countries signatory of the Treaty. If we and Italians sign alone any such danger would be avoided.

If Egypt strongly desires to sign then I suggest Sir M. Lampson's formula B is preferable since it makes specific mention of the fact that the Canal is in Egyptian territory and thus affords grounds for Egyptian signature. //

Addressed to Foreign Office No. 585 April 12th;
repeated to Cairo.

APR 12 1938
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J

J 1550
232
13 APR 1938

Registry
Number } 1550/38/16

TELEGRAM FROM

Sir M. Lampson, Cairo.

No. 251 Decypher
Immediate.

Dated 12th April, 1938.

Received
in Registry } 13th April,
1938

J: Egypt and Sudan

Italian attitude regarding the Suez Canal.

Refers to Rome telegram No. 383 dated 12th April (J 1542/38/16). Suggests form, which, if taken for the signature of the Egyptian Government, he does not think it could be inferred that Egypt had recognised any special Italian position even if formula "C" were adopted. Has not sounded the Prime Minister on the text but will do so if approved. The Prime Minister stated on 12th April that he had discussed both formulae "B" and "C" with Bedawi before giving reply in favour of "C" which he definitely wants. (Repeated to Rome)

Last Paper.

(Minutes.)

(J 1542)
References.

(Print.)

(How disposed of.)

Tel. Cairo
No. 238 13 April

Repeated to
Rome No. 253.

9 Sept. Comps
to Rome Chancery
Apr. 4.

copy added by me J 1574

This & L³ Perth's tel No. 383
[of April 12 - J 1542] were discussed
with Southern Dept & Sir W. Malkin
this morning & a draft prepared.
Which after submission to discussion
by Sir L. Oliphant & Sir A. Cadogan
was despatched in a slightly amended
form.

R. J. Carr
April 13.

(Action completed.)

(Index.)

Sp.
20.4.38

23/1

Next Paper.

(J 1574)

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From EGYPT.

J 1130
13 APR 1958

Decypher. Sir M. Lampson (Cairo).

April 12th 1958.

D. 2.20 p.m.

April 15th 1958.

R. 9.50 a.m.

April 13th 1958.

No.251.

IMMEDIATE.

Rome telegram No.585 to Foreign Office.

If the signature of the Egyptian Government were to take the following form begins: "The Egyptian Government take note of intention of the Government of the United Kingdom and the Italian Government and associates itself therewith". Ends. I do not think it could be inferred that Egypt had recognised any special Italian position even if formula C were adopted. But I have not sounded the Prime Minister on the above text though I will do so if approved.

2. Before I had seen your telegram the Prime Minister told me tonight that he had discussed both formulae B and C with Bedawi before giving me his answer in favour of C which he definitely wants.

Addressed to Foreign Office No.251, repeated to Rome.

APR
13 11 30
F.O. REGISTRY.

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(J 1550/58/16)

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To EGYPT.

Cypher telegram to Sir M. Lampson (Cairo),
Foreign Office, 15th April, 1958. 5.20 p.m.
No. 258.

IMMEDIATE.

Your telegram No. 251 [of April 12th: Anglo-Italian talks].
Suez Canal.

I approve wording suggested and you should immediately
submit it to Egyptian Prime Minister.

As so much time has elapsed since inception of this
correspondence it would not now be practicable at this late
hour to extract the Suez Canal declaration from the protocol,
as would be necessary if Egypt signed the declaration itself
with the United Kingdom and Italy. Most practicable method
therefore would be for Egyptian association to be effected by
an exchange of letters as in the case of Lake Tsana.

This could be done by a joint letter from the Earl of Perth
and Count Ciano to the Egyptian Minister transmitting the
Anglo-Italian declaration, to which Egyptian Minister would
reply in the terms of your formula. An alternative course
would be separate letters from the Earl of Perth and Count
Ciano and separate replies.

Please endeavour to secure immediate assent of Egyptian
Prime Minister to either of above procedures and report at
once repeating to the Earl of Perth who may then take action
without further reference to me. The Earl of Perth will press
for formula C.

Repeated to Rome No. 255.

51

J

J 1574

235

14 APR 1938

Registry } J 1574/38/16
 Number

TELEGRAM FROM
 Lord Perth, (Rome).

No. 398

Decypher. Important
 Dated 13th Apr: 1938

Received } 14th Apr: 1938
 in Registry

J; Egypt and Sudan

Italian attitude regarding the Suez Canal.

Refers to Foreign Office telegram No. 244 dated 12th April (J 1521/38/16). The Minister for Foreign Affairs on evening of 13th April accepted proposal for a simple re-affirmation of 1888 Treaty. Lord Perth informed him that Egypt wished to be associated with the Declaration and proposed that a joint letter be addressed to the Egyptian Minister in Rome, of which the latter should take note and associate Egyptian Government with the Declaration. The Italian Minister for Foreign Affairs agreed and suggested the joint letter be couched in English, which proposal Lord Perth accepted. (Repeated to Cairo).

Last Paper.

(Minutes.)

(J 1550)
 References.

Count Ciano is being remarkably helpful and obliging.

Copies of these telegrams regarding the Suez Canal declaration have been sent to the Admiralty so that they cannot complain that they have not been kept informed.

(Print.)

W. C. Campbell
 14/4/38
 Secy. of State

W. C. Campbell
 14/4/38

(How disposed of.)

7.4. Admty
 (copy of in and out tele.)
 Ltr J 1574, 1550, 1542, 1521
 1518, 1468 and 1467)
 1446.
 April 14

Yes: only Ld Perth has been asked a letter prematurely about a joint letter from him & Mr Ciano to the Eg. Minister as we don't yet know whether the Egyptian Govt. will like this or prefer separate letters.

R. J. Campbell
 April 14.

(Action completed.)

(Index)

W. C. Campbell
 20.4.38

Next Paper.

(J 1580)

W. C. Campbell
 much mobilize the Egyptians.
 We have now do nothing
 do. 14/4/38.

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From ITALY.

Decypher. The Earl of Perth, (Rome).
15th April, 1938.
D. 1.40 a.m. 14th April, 1938.
R. 9.50 a.m. 14th April, 1938.

No. 598.

IMPORTANT.

0:0:0:0:0:0/37/1

Luke Isaacs 1569/37/1

J 1874
14 APR 1938

My immediately preceding telegram and your telegram
No. 244.

12. Suez Canal.

The Minister for Foreign Affairs this evening accepted proposal for a simple re-affirmation of 1888 Treaty. I told him that Egypt wished to be associated with our declaration and I proposed that he and I should write a joint letter to Egyptian Minister here of which the latter should take note and associate Egyptian Government with the Declaration. Italian Minister for Foreign Affairs agreed and when the question arose as to the language in which joint letter should be couched he suggested English and I accepted the proposal as far as I was concerned.

Addressed to Foreign Office; repeated to Cairo.

APR 14 1938
F.O. REGISTRY.

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